



INSIDE TODAY'S NEW-LOOK SECTION TWO

Can the young be
rocked into voting?

Curious tale of the
missing ostrich

Complete guide to
the next seven days



Israel's bitter vengeance

It was a muggy, grey spring day on the Beirut seafont and the first rumble sounded like the last of the winter storms; a bleak coughing sound high above us. It was only when the strollers on the Corniche began staring skywards that I noticed the black and white puffs of anti-aircraft fire speckling the clouds and the tiny, mosquito-sized helicopters racing far out along the wave-line. After almost 14 years, the Israelis had returned to Beirut with a vengeance.

Almost before we had seen them, two of the helicopters - American-made Apaches - turned over the seafont and there was a sudden pop-popping sound like a toy gun and two small puffs of white smoke rising from the southern suburbs of Beirut - the canyons of high-rise apartment blocks and narrow streets in which many of the Hizbollah leadership live. Their target, the Israelis would claim later, was the "operational nerve-centre" of the Hizbollah - although the organisation's headquarters later emerged apparently untouched.

There were few Lebanese who did not believe that Mr Shimon Peres' battle to convince Israeli voters on 29 May that he can strike at what he calls "Islamic terrorism" lay behind the appearance of those helicopters over Beirut. Mounting casualties among Israel's occupation troops in southern Lebanon and repeated Hizbollah missile retaliation on Galilee for the Israeli shelling of civilians inside Lebanon meant that the "red line" which had for so long restrained the Israelis from attacking Beirut would almost certainly be crossed.

Yet when it was crossed, it took less than a minute for Beirut to melt back into the wartime nightmare that so many Lebanese thought had ended. Panic-stricken motorists, their headlights blazing, their hands clamped on the horn,



Robert Fisk,
Foreign
Reporter of the
Year, in Beirut
on the day
the Israelis
struck back

blasted their way through the traffic jams. An ambulance, careering from side to side and up on to the pavement, siren screaming, swept past us with a carload of armed men behind it. In the Sabel hospital, a young man with his face bathed in blood was surrounded by television crews. "I was walking in the street and all I remember is a flash and then I found myself covered in blood," he said.

And the gunmen were back in the southern suburbs, bearded Hizbollah men with American M-16 rifles and rocket-propelled grenades, kitted out in webbing and camouflage jackets and captured Israeli helmets. Even the Lebanese radios reverted to their wartime role of endless odes bulletins interspersed with the haunting laments of Fairuz, said the bulletins, for the Katyusha attacks on Israel, which were retaliation for the killing of a 14-year-old Lebanese boy, which might have been retaliation for a suicide bombing against Israeli troops, which was retaliation for... It was like listening to The House that Jack Built.

When I called an old friend on his mobile telephone in the



One of those injured in the Israeli raid on Beirut's southern suburbs yesterday is carried away for medical treatment Photograph: BBC News

cut down by the Beirut rockets. The raids were in retaliation, said the bulletins, for the Katyusha attacks on Israel, which were retaliation for the killing of a 14-year-old Lebanese boy, which might have been retaliation for a suicide bombing against Israeli troops, which was retaliation for... It was like listening to The House that Jack Built.

When I called an old friend on his mobile telephone in the

southern city of Tyre, he just had time to tell me that Israeli Apache and Huey helicopters were hovering over the city. "They're mounting mobile checkpoints in the air," he said. "They're watching everything that moves." Then the line went dead. The lines went dead all over Lebanon, just like the peace of Beirut that expired yesterday morning. By early afternoon, it was turning into a ghost city, its streets largely

deserted, its shops closed, its restaurants empty.

When I drove into the southern suburbs at dusk, the only men standing on the street corners were armed. The Hizbollah's green-painted central offices - supposedly the "nerve-centre" which the Israelis said they had attacked - stood apparently unharmed. But in a dingy office where a Donald Duck cartoon was playing on a miniature television on the side-

board, a bearded man close to the Hizbollah announced quietly to me that the Israelis had crossed a red line. When the Israelis killed civilians, the Hizbollah always fired back into Israel, he said. He blamed the Israelis for the death of a boy in Bradlith village at the weekend.

"But there is a balance of terror now," the man went on. "The Israelis used to hold the balance. Now the balance is

shifting to the resistance. Hitting civilians is crossing a red line for our resistance forces. This has nothing to do with targeting of military headquarters."

"I tell you this: the hand of the resistance is long and is capable of hurting the enemy. We have an expression here - that we and the Israelis are biting each other's fingers. The biting of fingers has begun and we shall see who screams first."

Blair: We're the centre party now

COLIN BROWN
Chief Political Correspondent

Tony Blair yesterday made it clear he was prepared to drive Labour to the right of British politics in pursuit of the voters who deserted Labour and secured four successive general election victories for the Tories.

The Labour leader, in a speech in New York, staked Labour's claim to the centre ground, but said he was prepared to cross the boundary to the right if necessary.

Promising "radical solutions", Mr Blair said: "If at times they cross left-right boundaries, so be it. And so what?" He added: "I am a radical. I believe the centre can be fertile ground for radical politics. The extremes whether of left or right simply will not meet the real challenge. A modern party to be successful in the modern world must be in the centre, speaking for the mainstream majority."

His defiance of the traditional left wing of the Labour Party will please his supporters, but it will cause anxiety and could store up rebellion from those on the left who believe he has gone too far to woo Conservative voters back to Labour.

Rejecting the criticism of his left wing, Mr Blair said it was often "fatuously" claimed that to change the party was to sacrifice principle or betray history. "This angers me. It is the kind of thinking that kept us out of power and allowed some of the mistakes to be made."

He told businessmen at the Anglo-American Chamber of Commerce: "We need a new radical centre in modern politics that can answer the competitive challenge whilst enhancing social stability and cohesion. And today's Labour party, New Labour, is a party of the centre as well as the centre-left."

Last night "One Nation" Tory MPs warned him off the ground. "He is prepared to do anything for power," said Tim Rathbone, the Tory MP for Lewes.

The speech to businessmen was billed as an attempt to reassure international investors that Britain under a Labour Government would be a safe bet. But it will be seen as a landmark statement of Mr Blair's leadership that the voters at home can trust him in office.

His key message to the sceptical Tory voters was that a government under his leadership would not impose punitive rates of tax on the middle classes.

He said police, school teachers and middle managers were hardly rich, but they all paid tax at the top rate of 40p in the pound. That may have implied that those on modest incomes would not face higher taxes under Labour, but Mr Blair refused to give any figures.

TURN TO PAGE 2

IN BRIEF

Twelve killed in blaze at airport flower shop

At least 12 people were killed and 50 injured when a fire broke out in a flower shop at Düsseldorf airport yesterday, German police said.

Rescue workers found some of the bodies in the lifts in the arrivals section. Page 10

Building society windfall

Bristol & West Building Society, the UK's 9th-largest, is set to be taken over by Bank of Ireland, in a deal which experts believe could net its 1.4 million members up to £750 in cash or shares. The society's decision is the latest in a stampede by most of the UK's top 10 building societies to abandon mutuality. Page 16

Rugby rift

England's leading 24 clubs have carried out their threat to withdraw from the Rugby Football Union in protest at the Union's insistence on retaining absolute control of the game. Page 24

Today's weather

Dull and cloudy with rain in many areas. Section Two, page 21

Pilot aged 7 dies in crash

TIM CORNWELL
Los Angeles

A seven-year-old girl who vowed to become the youngest person to fly across the United States was killed yesterday when the light aircraft she was travelling in crashed in heavy rain.

Jessica Dubroff, a brown-haired girl from a small town in northern California who wore a cap with the inscription "Women Fly", died with her father and a flying instructor when the Cessna four-seater plunged steeply into a street shortly after take-off from Cheyenne, Wyoming.

Eyewitness Ron Nimmo said: "We are not talking about a glancing blow into the ground. It was fairly obvious there would be no survivors."

Jessica completed the first leg of her flight on Wednesday after setting out from Half Moon Bay, near San Francisco.



Jessica Dubroff in the Cessna cockpit Photograph: AP

She successfully piloted the plane to Elko, Nevada, and then on to Cheyenne, a town of 60,000.

Asked why she was making the trip, she said: "I believe it was my father's idea." Jessica then added: "I am going to fly the entire way. I'm not going to quit." On arriving in Cheyenne, she said she couldn't wait to take off again, even though she'd only had two hours sleep the night before.

No one under 16 can apply for a pilot's license in the US and Jessica was not legally flying the plane. Her instructor, Joe Reid, should have been able to take over in a second on the

duplicate controls routinely used to teach novices to fly.

But Jessica, just four feet two inches tall, used aluminium extensions to reach the pedals and Mr Reid was not to touch the controls except in an emergency. Her father, Lloyd, sat in the back seat.

In order to qualify for the record, the schedule called for the trio to complete the round trip in a week with Jessica flying for about 40 to 50 hours.

They were to arrive in her old home of Falmouth, Massachusetts on Friday. Rachel Carter, aged 9, of California, was named as the youngest pilot to cross the continent in 1994.

Scientists unlock the key to mortality

TOM WILKIE
Science Editor

A gene that controls ageing has been found by US researchers, raising the possibility that gene therapy or drugs might prolong active human life to 150 years.

By isolating and identifying the gene, researchers hope they may be able to devise treatments that could slow the process of ageing. A team led by Dr Gerard Schellenberg at the Veterans Health Care System, in Seattle, report the gene's discovery in today's issue of the US journal, *Science*.

They discovered the gene by looking at people with Werner's syndrome - a form of premature ageing - which results from inheriting an abnormal variant of the gene. There are estimated to be up to 1,000 people with Werner's syndrome in Britain, according to Professor Sydney Shell, an expert on the disease at Sussex University. The average age of death is 45, but some last until their 50s, he said.

Professor Shall speculated that Werner's syndrome might actually have been the primordial human standard and that "normal" people evolved the extra gene to acquire our present longevity.

The gene appears to slow ageing. "What if we put in another one?", he asked. "One hundred and fifty years is not an

unreasonable human lifespan and we are talking about healthy, vigorous life."

People with Werner's develop normally until about the age of 10, when they stop growing, and adults seldom exceed 5ft. By their 30s they have severe atherosclerosis - narrowing of the arteries associated with old age. They can develop diabetes in their 30s, cancer, osteoporosis and rheumatoid arthritis. "They look twice as old as they really are," Professor Shall said.

Body cells taken from patients with Werner's syndrome have "dramatic and odd" limitations when cultured in the laboratory. They stop growing some five or six times faster than normal cells. "The positive function of the gene is to keep cells growing for a much longer time," professor Shall said.

It appears that the protein produced by the gene has a role in unzipping the double helix of DNA. The identification of the gene will allow parents to have a prenatal diagnosis where there is a risk to a foetus.



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news

Howard accused of bogus claims on asylum appeals

HEATHER MILLS
Home Affairs Correspondent

Meran suffers permanent spinal damage, partial sight in his right eye and a loss of co-ordination in his right leg – the dreadful legacy of eight years of torture and imprisonment in Iran. As he talks he fidgets constantly in his seat to relieve the pain in his back, from which he is never free.

A university professor, now

Amnesty report: Refugee breaks cover to condemn moves to curb legal rights

aged 59, he only lives to tell his appalling tale of inhumanity and cruelty, because – unlike thousands of other liberal intellectuals who died at the hands of Iran's Islamic government – his family was able to pay to have him smuggled out of the country. That, and the fact that the Home Office has granted him – a former Amnesty prisoner of

conscience – asylum. Still fearful, he now lives in "secrecy" in England, hence the use of the name Meran, which is not his own. But yesterday he chose to breach that secrecy in support of Amnesty International's withering report into the Government's clampdown on what it calls "bogus" asylum seekers. Meran's argument is that

under the new proposals to limit asylum seekers' legal rights and claims to benefit, he may well have failed to get asylum in this country – a country he chose because he spoke only English as well as his native Persian. By necessity, he travelled through another country and on false documents to get here – both of which would now count

against him in his claim. He said yesterday: "The Government is seeking to deny prisoners of conscience like myself the change to escape from state terrorism and is relinquishing its international obligations."

He was speaking Amnesty accused the Government of using bogus statistics and arguments to justify the hard line of the Asylum and Immigration Bill. The report accuses Michael Howard, the Home Secretary, of "falsely understating the number of successful appeals by asylum seekers against Home Office refusals to let them into the country. The Home Office has claimed only 4 per cent of those rejected because they passed through another 'safe'

country succeed at appeal, whereas Amnesty says the figure is 40 per cent. "The Home Secretary has made false claims with his figures to support a Bill which threatens the basic human rights of those fleeing persecution," David Bull, Amnesty's UK director, said yesterday.

□ *Slamming the Door: the Demolition of the Right to Asylum in the UK.* Amnesty International 99-119 Rosebery Avenue, London EC1R 4RE; £2.99.

Price rise helps ease negative equity

NIC CICUTTI

Rising house prices in the first three months of this year helped lift almost 300,000 homeowners out of the negative equity trap, a survey revealed yesterday.

The fall in households trapped, down from about 1.25 million in the final quarter of 1995, is the largest decline for almost three years and the first time since 1992 that the number has fallen below the million mark.

The survey, by Rob Thomas, a banking analyst at the Swiss banking group UBS, came as a separate report by Halifax Building Society yesterday showed house prices rose by 1.7 per cent in the year to March.

Annual house price inflation was boosted by last month's figures, during which prices went up 1.5 per cent. In the 12 months to February, house prices rose by just 0.2 per cent.

However, Mr Thomas added that a further 2.1 million households are still living in homes worth no more than £5,000 above the price they paid for it.

The number of borrowers affected, about three million, are likely to find themselves losing money if they want to buy a new home, he added. Almost 30 per cent of mortgaged households are in such a position.

Of those in negative equity, where the value of a home is less than the mortgage paid on it, almost three-quarters are first-time buyers.

Mr Thomas said: "It is a big fall, and is probably just what the Government wants to hear. For the past three years, the number of those affected has

been marking time. This is the first significant move downwards. There have been false dawns in recent years, which have made commentators understandably cautious about the sustainability of any upturn in house prices."

"Hopefully, this will prove to be a genuine step in the number of affected households, but the normal spring buying season will be crucial."

He added that the decline in negative equity could tail off if house prices fail to sustain the rapid recovery seen this year.

Mr Thomas's report contrasts sharply with a separate one issued earlier this year by Nationwide Building Society, claiming that the number of households in negative equity in 1995 rose to 1.7 million.

A Nationwide spokesman claimed that his society's calculation was based on different, but more accurate, estimates of the amount borrowed relative to the value of a house.

The society's own figures did not yet show such a significant fall, he added, although a 3 per cent rise in prices during 1996 would lift up to 300,000 homeowners out of the trap.

The housing trap

Average number of households affected by negative equity	Value of house
1989	90,000
1990	410,000
1991	590,000
1992	1,170,000
1993	1,360,000
1994	1,160,000
1995	1,190,000

(Source UBS)

Protesting farmers hit by beef crisis bring Carmarthen to a standstill



The Welsh town of Carmarthen was brought to a virtual standstill (above) by militant farmers and their supporters yesterday in frustration over the BSE. More than 1,000 people marched through the town escorted by around 100 vehicles. The farmers believe that without Government help many will face bankruptcy by the end of the month because they cannot find buyers for their cattle

Photograph: Huw Evans Picture Agency

Cull to start as cost hits £105m

PAUL FIELD

A decision on how to dispose of up to 15,000 culled cows a week is expected later today as figures reveal that the beef crisis has cost the industry at least £105m in the three weeks since the announcement of a possible link between Bovine Spongiform Encephalopathy and Creutzfeldt-Jakob Disease.

The Ministry of Agriculture, Fisheries and Food said last night that the destruction of older cows could begin within a few weeks following the meeting of the beef management committee in Brussels this morning.

Officials are expected to thrash out an agreement on the phased disposal of all dairy cattle over 30 months old once

they had reached the end of their useful lives.

The Government has faced a major headache establishing how to implement the scheme after Agriculture Minister, Douglas Hogg, proposed the phased destruction of around 4.5 million cattle to the European Union last week in a bid to overturn the export ban on British beef.

Farmers are to be compensated at 85p a kilo plus a possible top-up payment. The cost is expected to reach £3.7m over six years.

Since the proposal was first mooted it has emerged that the nine incinerators licensed to destroy cattle could only cope with 3,000 cows a week. Building a new incinerator costs about £1m and would take a year to be operative. Another option, dismissed by environmentalists, is dumping carcasses in open pits on farmland.

A MAFF spokesman confirmed: "The policy is going ahead. The committee is dis-

cussing the details of how it will be done. It cannot start overnight but it will be within a few weeks."

However, the Government will remain under pressure from Brussels to order the selective slaughter of herds which may have come into contact with BSE, which farmers hope to avoid. Mr Hogg has until the end of the month to produce his proposals – the earliest date for consideration of removing the beef ban entirely.

A source close to the negotiations disclosed that the Government is pushing for a compromise under which only herds with a high proportion of BSE cases will be culled.

But the decision on the additional selective slaughter policy could not come sooner for an industry counting the costs of the crisis. The Meat and Livestock Commission (MLC) confirmed the domestic beef trade lost around £75m in the past three weeks. The export industry, at a complete standstill, has

lost £30m. These sums do not take into account the millions lost by the knock-on effect.

Half of the 15,000 abattoir workers have been laid off and jobs have gone throughout the industry which employs around 500,000. Among the hardest hit are the 8,500 in haulage, 7,500 in the auction business and 62,000 in meat processing.

Statistics obtained by the *Independent* show that despite a total industry collapse in the first two weeks of the latest BSE scare, beef sales are picking up.

Only 771 prime beef cattle were sold in the week ending 30 March, nearly a 97 per cent drop on the same period last year. Prices had fallen to 98p from 124p per live kilo in 1995. Only 42 culled cows – dairy herd sold for processed meat at the end of their useful life – were sold in the last week of March compared with 8,305 in the same period a year ago, with a drop in value per live kilo from 92p to 67p. Last week no culled cows were sold at auction for slaughter although

beef cattle sales and price recovered slightly to 5,124, at an average of 109p per live kilo.

Supermarkets yesterday reported that beef sales were returning to pre-scare levels. A Tesco spokesman said: "They are beginning to get back to normal. Discounting certainly helped."

An MLC spokesman said: "It is very patchy but the auction markets are slowly coming back to life. Very slowly."

But farmers are becoming increasingly frustrated with the handling of the crisis by the Government. They are saddled with the cost, at £30 a week per head, of keeping cattle which should by now have been sold for slaughter.

National Farmers Union policy director, Richard MacDonald, said there was already a backlog of up to 100,000 cattle waiting to be culled. "There will have to be some kind of queuing system. We have no idea how many farmers could go bust but at the moment there is a lot of money outstanding," he said.

MAFF hangs on to calf-test data

CHARLES ARTHUR
Science Correspondent

Government vets yesterday resisted calls to check one of their experiments which could show whether cows can pass BSE to calves – even though the answer could have serious public health implications and might help to lift the European ban on beef exports.

The seven-year experiment, being run by the Central Veterinary Laboratory, involves 630 cows, half of them born to mothers showing signs of BSE, or mad cow disease. It is due to end next year but Sheila Gore, of the Medical Research Council's bio-statistics unit, says that public health requirements

mean the results should be checked earlier.

She says the growing number of cases of the degenerative brain disorder, Creutzfeldt-Jakob Disease (CJD) among young adults (see table) means data about whether any of the "spongiform encephalopathies" – the class of disease to which CJD and BSE belong – can be passed from mother to child should be made available now. One of the victims of CJD died shortly after giving birth.

In the past two years 10 people aged under 42 have died in Britain from a new strain of CJD. Scientists advising the Government have said that their best hypothesis is that the disease was contracted by

exposure to BSE-infected materials. But there is so far no evidence of an epidemic of CJD. Figures from the National Surveillance Unit show the number of suspected cases so far this year is no higher than in 1994.

To date more than 40 of the calves in the experiment have died of BSE. But the Ministry of Agriculture, Fisheries and Food (MAFF) said this could be because they had eaten infected feed while young.

MAFF said yesterday that to end the experiment early would "reduce its power" and could lead to a "false negative", suggesting the disease could not be passed on where in fact it could. MAFF also dismissed suggestions by US researchers that

BSE might not have come from sheep but might instead be a disease particular to cattle.

Meanwhile, Japanese researchers say they have found the role of the cell protein which becomes abnormally shaped in BSE and CJD. Experiments in mice which could not produce the normal form of the protein, known as PrP, showed that it helps keep brain cells – known as Purkinje cells – alive. Without PrP, the mice lost control of limbs.

This suggests that it is not build up of the abnormal form of PrP – which leads to "plaques" in victims' brains – but the lack of the normal form which leads to the brain disorders typical of CJD and BSE.

Train drivers win 20% pay rise offer

BARRIE CLEMENT
Labour Editor

Train drivers at one of the largest privatised rail companies stand to receive a 20 per cent pay rise for working two hours fewer a week.

In an offer which could lead to higher rail fares, the 375 drivers at Great Western would see their annual earnings rise from £19,000 a year to £23,000 for working a 37 hour week.

Aslef, the train drivers' union, is due to ballot its 375 members at the company over the offer, which is one of the first concluded by privatised passenger train companies. Lew

Adams, Aslef general secretary, regards the proposals as a peace-setter in the industry.

Management, which refused to comment, is ready to increase the basic rate from £11,564.80 a year to £20,000. As a quid pro quo drivers would give up a range of allowances and overtime payments. Sunday working would attract a rate of time and a quarter rather than the present time and three-quarters.

The company is calling for 50 voluntary redundancies and the union believes there will be no difficulty in meeting the quota. Aslef has also secured an agreement that there would be no split shifts or part-time staff.

Blair: We're the party of the centre now

FROM PAGE 1

Labour "spin doctors" were anxious to deny reports from journalists on his plane to New York that he had privately said that he would not increase taxes for anyone earning less than £40,000.

Mr Blair stressed that no figures would be given by Gordon Brown, the Shadow Chancellor, until the election. On Wednesday Mr Brown refused to be drawn on whether Labour would introduce a top rate of tax at earnings of £60,000.

Mr Blair said Labour's priority in Government should be to lower taxes at the bottom end and reduce the high marginal

tax rates of millions of working people. "This should not be seen as a desire to punish those at the top," he said.

John Major derided Mr Blair's attempt to bury his party's tax and spend image, warning on a constituency visit to Cambridgeshire to that Labour and higher taxes went together – "like strawberries and cream".

Alan Simpson, secretary of the left-wing Campaign Group of Labour MPs, stressed the need to restore a higher tax band for top earners to pay for improved public services. "Utopia is not a land with no taxation," he said.

IN BRIEF

Four escape as train hits car

A mother and three children escaped unhurt yesterday when their car was hit by a train. Kim Turner, 32, Jade Turner, five, Callum Turner, three and Jessica Bloom, five, of Leconfield, Yorkshire, suffered only cuts and grazes in the collision at an unsignalled level crossing near the village of Beeswick.

The driver of the train was in shock after the accident and was replaced by a relief crew. The crossing is just a few miles from another on the same line where nine people were killed in July 1986 when a train struck a van.

Car murder denied

A man accused of murdering an elderly motorist claimed the real killer is still on the streets. Clive Jones, 25, of Gipton, Leeds, denied murdering Steven Popovich, 74, in Chapel-town on Saturday. Leeds magistrates heard Jones' fingerprints and an item of his clothing were found in Mr Popovich's car. He was remanded in custody until April 18.

£56,500 medal sale

Medals and other memorabilia of Major General Orde Wingate, legendary leader of the Chindits in World War 2 Burma, sold for a record £56,500 at Sotheby's. The items included Wingate's triple DSO, Colt service revolver, Royal Artillery captain's khaki drill tunic and a battered pith helmet worn throughout campaigns in Abyssinia, Palestine and Burma.

Royal separation

Marina Mowatt, 29, daughter of Princess Alexandra and Sir Angus Ogilvy and 28th in line to the throne, has separated from her photographer husband Paul. The couple were married in 1990 and have two children. A statement issued on their behalf by solicitors blamed the separation on long-standing marital difficulties and said no one else was involved.

Baby murdered

Murder squad detectives are investigating the discovery of a baby's body dumped in a dustbin. The dead child, believed to be aged about six months, was found outside a house in Seale, east Sussex. An ambulance was called but the baby was dead when paramedics arrived. A post mortem was conducted at the Royal Sussex County Hospital.

Benefit blunder

Tens of thousands of people on income support face bank charges because of a late payment. A computer blunder has meant 32,000 people have not yet received the benefit, which is paid directly into their accounts. The Benefits Agency said a technical hitch delayed payments for 24 hours. Staff have been alerted and told to consider interim payments.

Hill death plunge

A woman died after plunging 500ft down a cliff on Snowdon. She slipped while walking with a friend on Crib Goch, one of the peaks of the 3,560ft mountain. An RAF rescue helicopter flew the middle-aged woman and her companion to Gwynedd Hospital in Bangor, but she was dead on arrival. The alarm had been raised by mobile phone.

Robbers escape

Armed police surrounded a multi-storey car park for almost two hours hunting armed robbers who had already escaped. The raiders made off with an unknown amount of money after threatening staff with a handgun at the Royal Bank of Scotland in Colchester, Essex. No shots were fired during the robbery and no one was hurt.

Sealed in

Safety inspectors at a nuclear power station are investigating how their security was breached by a 300lb grey seal. Staff at Dungeness B in Kent found the animal in a pool from which water is extracted to cool turbines.

Sir Andrew Lloyd Webber

In an article on Page 4 of yesterday's *Independent* we stated that Sir Andrew Lloyd Webber is farming ostriches. He is not.

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FBI joins hunt for Barclays bomber

JASON BENNETTO
Crime Correspondent

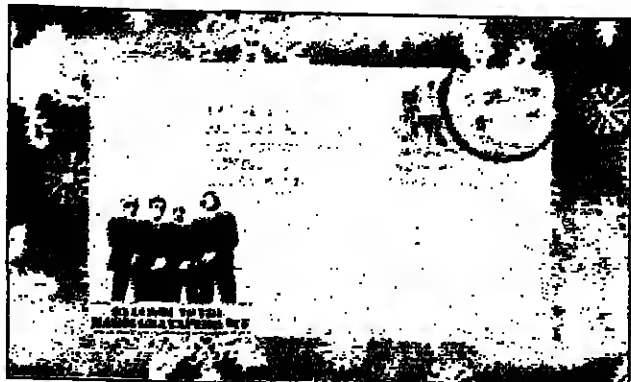
FBI agents involved in tracking down America's "Unabomber" — a fanatic who carried out an 18-year terror campaign — are helping Scotland Yard in its hunt for the man responsible for posting or planting more than 25 explosive devices against Barclays Bank.

The Barclays bomber — who uses the name Mardi Gra — has demanded an unlimited amount of money in the extortion racket which has been carried out for the past 16 months.

His devices are expertly made — some are even hand-painted — and the bomber has gone to great lengths not to leave any clues. The Anti-Terrorist Branch, which is heading the inquiry, fears that the campaign, in which at least three devices have exploded, and one person has been slightly injured, could escalate as the bomber becomes increasingly frustrated.

Unions yesterday strongly criticised Barclays Bank managers for failing to tell staff that the organisation was the target of a concerted campaign. Only general security warnings, which all banks issue, were provided.

The bomber is believed to be either a disgruntled customer or one of the thousands of former



Gift-wrapped: A device sent to a Barclays branch (above) and newspaper advertisements used to contact the bomber



members of staff recently made redundant by the bank.

For the past year, members of the FBI have been advising the Anti-Terrorist Branch in its attempts to identify "Mardi Gra". They have drawn on their experience in investigating the "Unabomber", who has carried out a letter-bombing campaign across the country in which three people have been killed and 23 wounded in 16 separate attacks. Earlier this month, FBI officers arrested

Theodore "Ted" Kaczynski, who is suspected of being responsible.

Mardi Gra first struck in December 1994, when he sent six devices to branches of Barclays in north-west London. Only one went off, burning the hands of the woman who opened it.

His devices are fitted into video boxes and books and feature shotgun cartridges and bullets designed to explode when opened. Most of the

devices have gone to addresses in London, direct to the bank, their officials, companies connected to them and telephone boxes outside banks. One was sent to Northampton.

Almost all the packages have been posted from London and the Home Counties.

Anti-terrorist officers believe he probably learned how to make the bombs from hooks, and details given in court cases.

The police have attempted to maintain a crows blackout, but details were released after the bomber wrote to two newspapers. In a letter to the *Daily Mirror* he warned of a new, more deadly bomb that involves an double-barrelled shotgun.

The banking union yesterday reacted angrily to the news of the bomber. Iain MacLean, assistant general secretary of the UNIFI, said: "I'm absolutely furious about the way Barclays Bank has kept this matter under wraps while there has been a real threat to our members' safety and even lives," he said.

"It's absolutely outrageous that for 15 months they have kept this matter a secret." But Barclays Bank chairman Andrew Buxton said he was following police advice. He added: "We give our staff regular warnings about letter bombs and raids and keeping vigilant generally."

Meticulous 'Mardi Gra' sends packages complete with logo

JASON BENNETTO

The bomber targeting Barclays Bank is believed to be someone with a deep rooted grudge who is desperate to be noticed, but at the same time meticulous and single minded in his new profession — extortion.

Anti-terrorist officers are drawing on the skills of the FBI and forensic psychologists in an attempt to get inside the mind of the man who calls himself "Mardi Gra".

Details emerged yesterday of an obsessive man who has gone to extraordinary lengths in his 16-month campaign against Barclays. He appears to have taken a great pride in his work — bombs have been meticulously packaged and he has used distinctive logos and wording.

As in the case of the American "Unabomber", who waged a war against technology, Carol Sellers, a forensic clinical psychologist, believes mooney is almost certainly not Mardi

Gra's main motive. She said: "With most people who get involved in blackmail it's a one-off thing, because they don't want to get caught."

"Where somebody keeps making demands this suggests a more psychological element. I would say this person has a deep rooted grudge, a concern about something that happened in the past."

"He could be a former customer, an ex-employee who was made redundant, or even a businessman whose business was foreclosed."

"The case is most unusual because of the sheer persistence of the individual concerned. Whatever happened is psychologically very important to this person."

She said it was clear the bomber wanted publicity and the wish to be noticed was probably more important than any desire to hurt. But Ms Sellers warned if causing injury resulted in more publicity, it

might spur the bomber on to take more extreme action.

She added it would be wrong to assume the bomber was mentally ill.

"He is rational enough to organise an elaborate campaign," she said. "This is not someone who is mentally ill in the conventional sense."

That ability to carry out careful planning is shown in his demand that Barclays give him credit cards with special PIN numbers that would allow him to withdraw unlimited amounts of money from automatic cash machines. This is a similar ploy to the one devised by Rodney Wicheo, the former policeman who tried to extort £4m from Heinz Wicheo, who was jailed for 17 years in 1990 for spiking jars of baby food on supermarket shelves with bleach and razor blades.

The difficulties of handling and tracking down a blackmailer who targets a big business rather than an individual

were examined last month by security consultant Brian Worth, a former Metropolitan Police deputy assistant commissioner.

Writing in *Intersec*, a security magazine, Mr Worth listed the typical characteristics of prosecuted corporate extortionists.

Perpetrators tended to be lone men aged 30 to 50, with some business acumen, although often the business had failed. The person is also likely to be someone with no previous convictions and no connection with traditional criminals. They often make a "once and for all" extortion attempt and start out with no initial intention to harm.

The extortionist may also have experienced a "learning curve" — getting valuable lessons on how to pursue a campaign from previous, aborted extortion attempts, and may well have had some kind of inside information about the target business.

Clwyd 'abuse victims' seek report publication

ROGER DOBSON

Lawyers who act for four alleged victims of child abuse in north Wales have begun legal proceedings to force the release of a secret report of an investigation into abuse in residential homes.

The action, by solicitor Gwilym Hughes, was filed earlier this week and it is scheduled to be heard by a judge in chambers at Wrexham County Court on 17 May. The move follows the decision of Clwyd County Council, who commissioned the report from three independent child care experts, not to publish it.

The council, which ceased to exist at the end of last month after local government reorganisation, has given copies to the Welsh Office for the Secretary of State for Wales, William Hague, to make a decision.

John Jillings, former director of social services at Derbyshire, and his team who carried out the investigation foresaw attempts to stop publication. At one point the report says: "The intention appears to be to prevent publication of the report and its disclosure to any individual."

Clwyd made its controversial decision a week before Easter. It also asked the three authors to return their copies of the 300-page report. Mr Hague, who is due to return from a trade mission to North America tomorrow, is coming under increasing pressure to both publish the report and to accept its key recommendations that there should be a full judicial public inquiry into events in Clwyd.

Child care organisations believe that lessons can only be learnt if the report is published. Up to 200 young people suffered abuse in homes over two

decades. Police took 2,600 statements and seven men have been convicted of various offences in the last few years.

Mr Hughes said: "We have filed for disclosure of the report and other documents. The fact that they are anxious not to disclose it makes me more keen to see what is in it. Whether we will be successful remains to be seen. If we are successful we would have access to the report."

Lawyers say that if the action is resisted by the council, the main defence would be one of public interest, but that is thought unlikely to succeed. Alan Levy, QC, leading child care law specialist, said: "In general, claims for privilege or public interest immunity by local or central government can be defeated if a greater public interest can be shown. And the greater public interest will almost always succeed."

Storm over 12-lane M25 plans

REBECCA FOWLER

Proposals to extend the M25, and introduce 12 lanes at the most congested area of Britain's busiest motorway were announced yesterday.

The £93.8m scheme put forward by the Department of Transport would create six lanes in each direction at the busiest sections of the 121-mile orbital motorway, which is bombarded by more than 200,000 vehicles during peak hours.

It would include widening the M25 between junction 12 (the M3 exit) and junction 14 (the Heathrow airport exit) from four lanes to five on either side and, in the most controversial

move, the Government proposes extending the section between junction 14 and 15 to six lanes in each direction.

John Watts, the minister for railways and roads, said: "These plans are an important step forward in the relief of congestion for this very busy motorway."

They were condemned by environmentalists and the Labour Party, who expressed concern that the proposals for an American-style super-highway on the M25 marked the end of attempts to find alternative solutions to London's traffic crisis, including the £2.6bn plans for CrossRail, which would have created a new line linking the east and west of London.

Graham Allen, Labour's transport spokesman, said the expansion of the M25 was an outdated response to the traffic problem. "This £100m motorway madness comes hot on the heels of the death of CrossRail. Londoners desperate for less traffic and better public transport will be asking the Government just what kind of priorities does it have?"

Mr Allen added: "Congestion on the M25 does need to be tackled, but this scheme will only generate more traffic."

Lynn Sloman, assistant director of the environmental group Transport 2000, described the proposals as "utterly futile".

Cunard in £15bn fight with Egypt over reef

Cunard officials will meet Egyptian authorities tomorrow in an attempt to sort out a £15 million compensation claim for damage to a coral reef in the Red Sea.

An Egyptian government environmental agency claims Cunard's *Royal Viking Sun* luxury cruise liner caused the damage when it went aground last week.

Cunard has been told the 37,845-ton vessel is being held in the Red Sea port of Sharm el-Sheikh until the compensation dispute is resolved. Cunard is sending out its own diver to check damage to the coral reef.

The ship, which had 560 passengers on board, including 54 Britons, was heading towards the Jordanian port of Aqaba when it apparently struck the reef. She lost all power and had to be towed into Sharm el-Sheikh where Cunard is carrying out temporary repairs.

Egypt is claiming that the *Royal Viking Sun* has damaged 2,000 cubic metres of coral reef and sea life at the Ras Mohamed Nature Reserve at the southern tip of the Sinai peninsula.

"Several vessels are known to have hit the reef in the last few years and it should be possible to tell just how old the damage is," said Bill Spears, Cunard's public relations director.

The passengers on the stricken vessel flew home at the end of last week.

Cunard said that it hoped to have the *Royal Viking Sun* back in service in time for its European cruise from France on 8 June.

March of time stalled by amber light



The bones of a tiny insectivorous mammal, which lived about 25 million years ago, found preserved in amber in the Dominican Republic. The find, reported in yesterday's issue of *Nature*, will cast light on the spread of mammals after the extinction of the dinosaurs about 60 million years ago. Small reptiles have been found before but never mammals

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news

Children 'put at risk by parasite teacher agencies'

Private teacher agencies were condemned as "parasites" by a union yesterday amid accusations that some were failing to check whether their recruits were convicted child abusers.

In one case, a man whose name was on a Government list of people considered unfit to teach was recruited by an agency to work in a primary school.

The National Association of Schoolmasters' Union of Women Teachers conference in Glasgow heard that pupils were at risk through increasing levels of casual labour.

Up to 40 agencies have been set up in the past few years, many of them operating in London and other large cities. While some check applicants' names against the Government's "List 99" of about 3,000 banned teachers and against police records, others do not, according to the union.

Martin Johnson, a secondary school teacher from Lewisham, London, said that while schools paid £130 for a local authority supply teacher they often paid as little as £100 for an agency teacher, with the recruit receiving only £75 of that sum.

He said a union colleague

Fran Abrams reports from the Glasgow conference of the National Association of Schoolmasters' Union of Women Teachers

had been shocked to see a teacher at a south London primary school who had left the profession because of serious allegations against him. The man was on "List 99", but had re-entered the classroom by signing on with an agency.

A survey showed that a quarter of head teachers were not sure whether checks had been made on their agency staff. Mr Johnson said: "Some of the agencies are trying to give services and they are trying to give quality. Others are cowboys."

Mr Johnson said there were between 700 and 1,000 agency teachers in London alone, many of them from Australia and New Zealand. Employers were required to make checks on staff, but some agencies said their recruits were self-employed.

Agencies were being used to fill long-term posts in order to save money, and pupils at

one school had 13 different science teachers in one year, Mr Johnson claimed.

His motion to the conference condemned the agencies as "parasites upon the education service, undermining salary levels and conditions of service and putting pupils at risk", and called for all agency teachers to be subject to checks and receive the same pay and pension benefits as other staff.

Nigel de Gruchy, general secretary of the union said: "People get round 'List 99' by going to agencies and it is a defect in the system which needs to be put right. Our chief concern is the casualisation of the profession and the way agencies offer lower salaries."

National action could be taken over government plans to name incompetent teachers, the union warned last night. Delegates described the new grading system as "facile and iniquitous".

Inspectors could face formal hearings and legal action may be taken on behalf of teachers who have been failed. From this term, lessons will be marked from one to seven and inspectors will report staff who achieve only grade one or two.



Vanishing act: Marine engineers raising a digger from the tide on Brownsea Island after repairs to eroded sea defences

Photograph: Brian Harris

Baden-Powell island sinking away

ROS WYNNE-JONES

Brownsea Island, where Lord Baden-Powell pitched his first scout camp and home to one of Britain's most important red squirrel colonies, is disappearing into the sea.

Underwater surveys have shown that the rate of erosion on the island's eastern shore has accelerated to one metre per year, leaving a jetty, quay and islanders' cottages in immediate danger.

The National Trust, which has owned the nature reserve on the island off Poole, in Dorset, since 1961, is proposing to build underwater rock armour, consisting of 10,000 tons of boulders, to protect the seabed from the tide. "Brownsea Island fits so tightly into Poole harbour that it is like a cork in a bottle," said a spokeswoman for the trust's Wessex region. "The tide rushes past and into Poole harbour causing a scouring action that is wearing it away."

The National Trust has begun an urgent fund-raising appeal because they fear the quay, along with its gatehouse and eight cottages, may not survive another harsh winter.

Engineers say the island, which attracts 10,000 visitors a year, has a weak clay and sand shore which is being washed away by each wave. "Frankly we only need another force 10 gale and anything could happen," said Barry Guest, who manages the island.

Work to shore up the 146-year-old sea wall has begun. The estimated cost of the rock armour is £250,000, some of which the trust will find from emergency funds. Each 1-to-2 ton boulder will cost £30 and £22,000 is needed to transport them out to sea.

The acceleration of erosion has probably been caused by a number of factors. Global warming, increased easterly winds and the deepening of Poole harbour to accommo-

date larger cross-channel ferries may all have played a role. The depletion of reed beds, where the native spartina has all but disappeared because of pollution, may also be a factor as the plant used to protect the sea bed.

Lord Baden-Powell founded the Scout movement on the wooded 500-acre retreat in 1907. He invited 22 boys from across England to take part in an experimental 10-day expedition to the island which still plays host to Scout groups.

Labour 'to recruit over-50s'

Retired people would be drafted into the classroom and experienced teachers given sabbaticals under a Labour government, the party's education spokesman said yesterday.

But plans announced by David Blunkett for teacher training for the over-50s brought a lukewarm reaction from the profession. Union leaders said the job, a challenging one even for a 25-year-old, could prove too much for an older person.

Mr Blunkett told conference that the party would increase links between schools and industry. People with a lifetime's experience in another profession might have a lot to offer to

schools, he said. Courses already being run by the Open University could be adapted to train the new recruits.

The teaching profession, which at present has 30,000 new recruits to training courses each year, needs by 2000 to increase the figure to 30,000. Mr Blunkett said that teachers with between 10 and 15 years' service could be given sabbaticals of between one term and a year in order to refresh their skills.

Nigel de Gruchy, the union's general secretary, welcomed Mr Blunkett's proposals for sabbaticals but was less enthusiastic about plans for older people in the classroom.

"Youngsters today are very different from what they were like 20 or 30 years ago. They are far more disciplined and less respectful of authority. To be a good teacher these days you have to have a lot of vigour to be able to survive," he said.

James Paice, a junior education minister, said last night that the scheme would prove prohibitively expensive and would entitle 240,000 teachers every year to a year off.

But a spokesman for Mr Blunkett rejected the government figures, saying the scheme would need no new money and would be funded from existing grants and business sponsorship.

Juror urges release of Bridgewater Three

Pressure on Michael Howard, the Home Secretary, to reopen the Carl Bridgewater murder case mounted yesterday when a second juror, who convicted four men of the killing 16 years ago, says she now believes they are innocent, writes Heather Mills.

Lucinda Graham, who was 19 at the time of the trial, came forward after a BBC *Rough Justice* programme, revealed that a key prosecutor in the case had voiced his concerns that vital fingerprint evidence had not been disclosed at the men's trial. Yesterday she said she would

now back the campaign to free the men, after feeling that she and her fellow jurors had been wrongly denied the full picture, during the men's trial in 1979.

Tim O'Malley, the jury foreman, has expressed his doubts over the verdict, saying: "The prosecution knew there was vi-

tal forensic evidence and they kept it away from the defence. You feel cheated and you feel deceived by that."

Thirteen-year-old Carl was shot dead when he apparently interrupted burglars as he delivered newspapers to an isolated Staffordshire farmhouse

in 1978. However, Michael Hickey, 33, his cousin Vincent Hickey, 41, and James Robinson, 61, have always protested their innocence. They were convicted largely on the evidence of Patrick Molloy, who was found guilty of manslaughter. He died in prison in 1981.

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Twins data links genes to chronic arthritis

NICHOLAS TIMMINS
Public Policy Editor

Osteoarthritis – the commonest cause of joint pain in the elderly and of 50,000 hip and knee replacements a year – may have a significant genetic component, according to research published yesterday.

Between 39 and 65 per cent of the disease is inherited rather than the result of wear and tear, of sporting injuries or other environmental factors such as being overweight, a study involving 250 pairs of identical and non-identical twins suggests.

The discovery offers the prospect of identifying the gene responsible which in turn could lead to drug therapies which might replace many of the tens of thousands of joint replacements undertaken annually in people aged over 45.

The finding was described yesterday as "novel and exciting" by Dr Tim Spector, a consultant rheumatologist at St Thomas's Hospital, London, who said the disease remained "a massive problem in terms of the pain and suffering it causes".

One in three people eventually suffer some degree of osteoarthritis and one in six suffer significant pain and handicap from a condition which normally appears in the hands before progressing to the main joints. The aim now is to recruit 5,000 pairs of same-sex twins, both non-identical and identical, to identify the crucial gene.

To date, Dr Spector said,

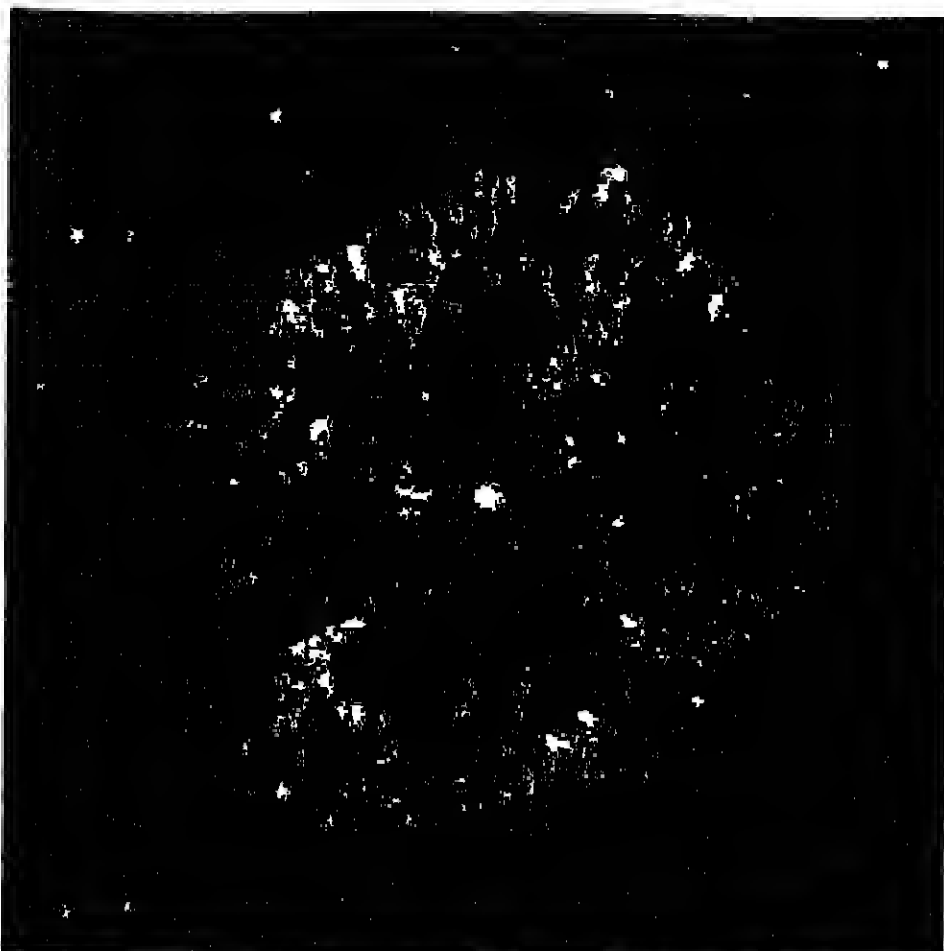
the joint disease, caused by the breakdown of the cartilage which covers bone endings, has been seen as the niggling result of wear and tear and foot-hall and work injuries. The twins study, however, shows that identical twins – who share all the same genes – are twice as likely to suffer the disease as non-identical twins, who share only half their genes.

This should have a great impact on this often forgotten disease," he added. Identifying the gene would allow screening while offering the hope in the longer term of new therapies.

Those with the gene, he said, could be given lifestyle advice – "keep your weight as low as possible, avoid marathon running, avoid orthopaedic surgeons doing anything to your cartilage, avoid too much football, but keep fit and keep your muscles strong". And in the longer run new drugs might be produced which would prevent the progressive development of the disease.

Wear and tear still remained an important factor, Dr Spector said, as did obesity, and both might prove of more importance in those already predisposed to the disease.

Gemini Research, a subsidiary of a company based in the British Virgin Islands, has bought the commercial rights to the twins' database. The company rather than donors will reap financial rewards if products are developed from the raw material they have provided.



Starburst: The 'Firework Nebula' in the constellation Perseus shooting light and X-rays

Strange dance begins as firework stars blast off

The stars at the centre of the "Firework Nebula", pictured here, have begun shooting out light and X-rays after a four-year silence – a fact only picked up by an international team of amateur astronomers who keep in touch via the Internet.

Known officially as GK-Per, the nebula lies in the constellation Perseus, about 1,500 light years from Earth. At its centre are two stars – one hot and gassy, and another which is now a dense "white dwarf", about as heavy as our Sun but only as large as the Earth. It "went nova" in 1901, leading to the firework effect visible here as pieces of the star's outer shell were thrown off by a cataclysmic explosion within it.

Now, in part of a four-year cycle, gas is being sucked from the larger star towards the white dwarf "like water running down a plughole", said Julian Osborne, a research scientist at the University of Leicester. As the gas approaches the dwarf, it swirls around and heats up, giving off light, until finally a

Amateur astronomers have found a nebula in explosive mood, writes Charles Arthur

critical mass surrounding the star is dragged downwards – where it crashes into the hot surface at 5.4 million mph, accelerating so rapidly that it gives off X-rays.

Dr Osborne was contacted in February by the amateur group, numbering about 30 internationally, who regularly monitor the nebula and other variable stars. "It's not possible to predict when it will happen, so we rely on amateurs to tell us and to register its changes in brightness," he said yesterday. "They put the information on the Internet and have a daily mailing list so they can tell the professionals."

Once alerted, he was able to get an orbiting X-ray satellite to begin observing the starburst, which is expected to last two or three months. But so far nobody

can predict how long the pair of stars will continue their strange dance. The white dwarf will gain mass, meaning that it will be able to suck gas more easily, but even so there is probably sufficient material for the cycle to last many millions of years.

■ The largest computer simulations of the development of our universe from its early infancy to its current state have just been carried out by an international consortium of astronomers (the Virgo Consortium) based at Durham University, writes Tom Wilkie.

The researchers demonstrated that galaxies as we see them today formed by the merging of protogalactic fragments that grew, over billions of years, out of tiny ripples in the energy from the fireball after the Big Bang. In the computer simulation, the properties of the ripples are fed into a large supercomputer as the "initial conditions". A computer program that simulates the growth of these ripples is then executed.

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Thermos flasks' cool image

A London advertising agency has taken on one of the toughest challenges in marketing – making Thermos flasks cool.

Trevor Beattie, creative director of TBWA and the man behind the award-winning Wonderbra advertisements, has been given the job of helping create a hip new image for the drink containers, often viewed as the

packed-lunch companion of anorak-clad trainspotters and elderly couples at the seaside.

The £500,000 campaign, under the catchline "Thermos – The Flask Just Got Hot", will run for two weeks and will be initially test-launched at sites in railway stations, motorway service areas and shopping centres in Britain and France.

Dead bodies delay luxury flats plan

ROS WYNNE-JONES

Plans to build a health club and luxury apartments in north London have been held up by the discovery that more than 12,000 bodies lie below the site.

Developers are having the bodies exhumed and carried to Trent Park, Middlesex, where they will be reburied.

The site in Islington, north London, within the main shopping area, was once a Victorian graveyard. After the Closure of Burial Grounds Act in 1852 a timber yard was built over the thousands of graves and they were forgotten.

The site, off Upper Street, is now being redeveloped by Grovesworld Ltd, which discovered the bodies after running tests in the area. Historical records confirmed the timber yard was once a Victorian cemetery and that the last bodies were buried in 1852.

Peter Bonsal, head of parks

and cemeteries at Islington council, said the bodies would be treated with reverence. "The development company have called in specialists to exhumate the bodies," he said. The specialist company, Necropolis Co, said it was usual practice for bodies to be lifted out one by one and placed in containers. These containers would then be transported to the new site.

David Jenkins, of Necropolis, said: "The work we are doing in Islington is far less unusual than people might think. Mass exhumation is going on all year round, all the time." However, some nearby residents were concerned about diseases like smallpox which might have finished off the Victorians.

Dorothy Jones, who lives near the old entrance to the timber yard, said: "They died of horrible diseases in those days. They might be bringing them up with the bodies."

DAILY POEM

The Scholars

By Rebecca Yearling

Old men bend over older books,
And put old eyes to further strain.
Old hands examine fevered looks,
Producing notes from lovers' pain.
The scholars grope where poets ran,
Translating love with pedants' care.
The lines no longer rhyme or scan,
The ardour faded into air.

All serious, correct and staid;
All dressed in grey; all faces lined;
All stained with ink; all cuffs are frayed;
All youthful life left far behind.

The lines imprison dream and thought,
Love's passions turned to dusty grey.
Unwilling pupils stay untought,
The words have nothing more to say.

Rebecca Yearling is 17 and comes from Glasgow. This poem, written when she was 15, brings to a close a week of some of the winning entries of the 1995 WH Smith Young Writers' Competition, published in book form as *Electric Full Stops* (Macmillan Children's Books, £4.99).

The competition is open to children in three age categories: 8 years and under; 9 to 12; and 12 to 16. Anyone interested in entering the 1997 Competition, to be launched this October, should write to WH Smith Young Writers' Competition, Community Affairs, WH Smith Group plc, Strand House, 7 Holbein Place, London SW1W 8NR.

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news

Worrying analysis: Psychologists told of crisis for universities and computer stress bothering the young

Cheats and bad marking cause degrees of doubt

LIZ HUNT
Health Editor

A degree from a British university could soon be worthless in the eyes of employers because of widespread discrepancies in marking between different institutions and cheating by undergraduates, a leading educational psychologist warned yesterday.

Professor Stephen Newstead, president of the British Psychological Society, is calling for a national examination at university level, and a radical overhaul of the student assessment system to offset the "worrying variations" in marking.

He cited the example of two experienced markers differing by 70 per cent in the marks they gave a history script. In another study, Professor Newstead gave six essays to 14 experienced examiners in psychology and found "dramatic" variations.

Professor Newstead, Professor of Psychology at Plymouth University, said that in the US no one now trusts the degrees awarded by individual universities. They rely instead on a national exam, the Graduate Record Examination, taken by graduates. "We are in danger of that happening here unless we

take steps to address it now... The system is in danger of being undermined," he said.

Speaking on the opening day of the BPS annual conference in Brighton, Professor Newstead said that examination marking is unreliable; standards of assessment are inconsistent over time, institution, and subject; markers are biased, and it is too easy for students to cheat.

The assumption that a First Class honours degree means the same as it did 20 or 30 years ago is open to question, he added. The number of firsts awarded nationally has increased from 6 to 10 per cent since 1980, while the average degree is now upper second, not a lower second as it was just a few years ago. This is at a time when almost one-third of 18-year-olds enter higher education compared with just 5 per cent in the 1970s.

"It is difficult to believe that the proportion of these modern-day students who merit a good degree is so much higher than the proportion of their much more highly selected predecessors," Professor Newstead said.

He pointed to wide variations in the awarding of good degrees – an upper second or higher –

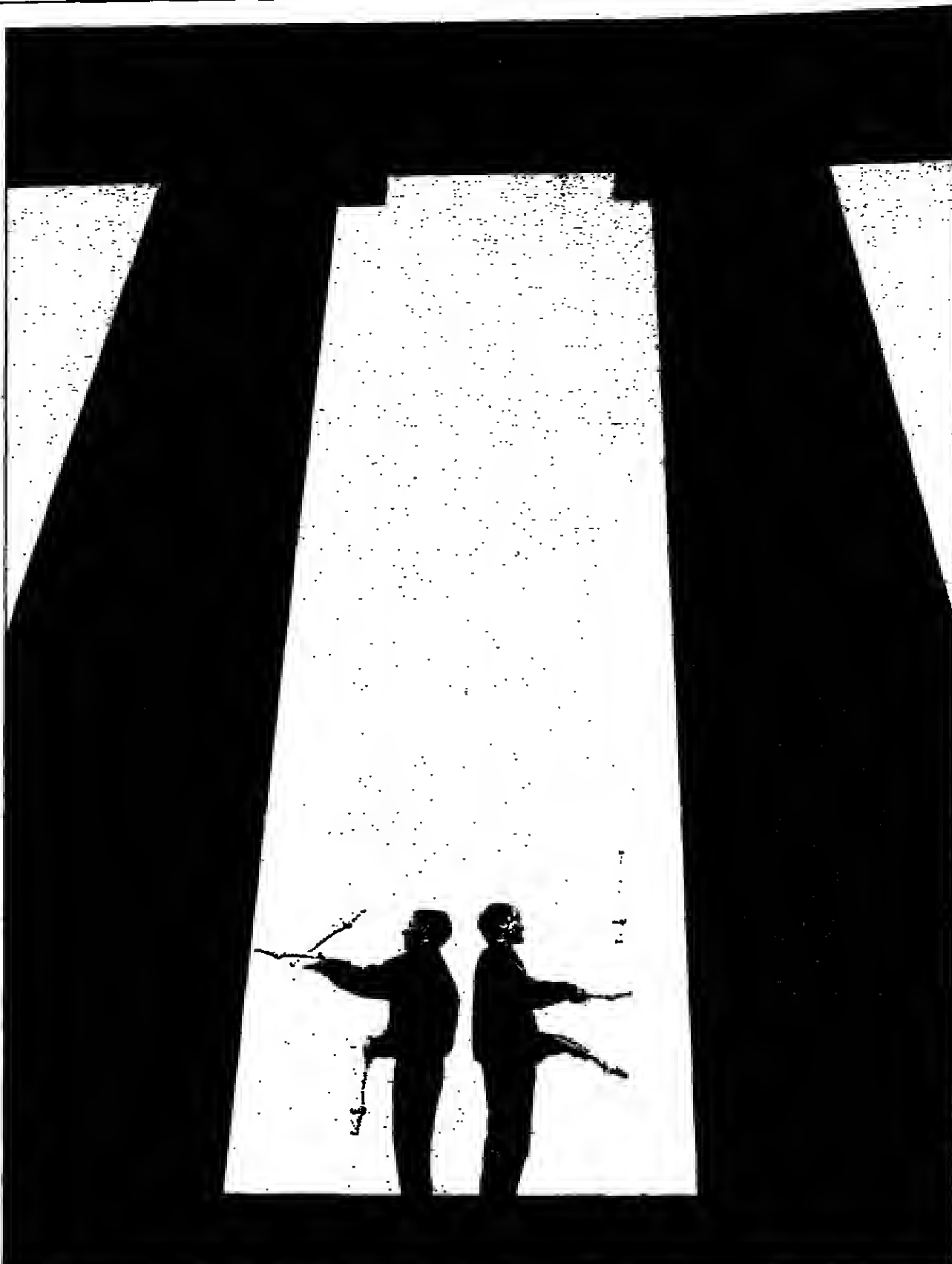
between disciplines. A student had a 50 per cent chance of getting a first or upper second in philosophy and history, but only 30 per cent in accountancy. Just over 40 per cent of maths and education students received good degrees compared to 60 per cent in engineering and technology.

Marker bias is also a key factor, based on an examiner's knowledge and opinion of the student with a tendency to make sure that their own students do better than those of other lecturers. They may be marked higher, or helped before the exam with hints about questions or revision classes on exam-related topics.

There was also evidence of discrimination against women students who tended to be marked down compared to male colleagues who get twice as many firsts.

Cheating in exams was also "disturbingly high," Professor Newstead claimed.

A study of almost 1,000 students found that more than half used material from another source without acknowledgement, nearly half had invented data, and a similar number allowed fellow students to copy their work.



Hand-to-hand combat: Jugglers practising at Calton Hill, Edinburgh, for this weekend's British Juggling Convention. Artists from world-wide will compete in 'Juggling Olympics' such as the 100m and backward sprint. Photograph: Colin McPherson

Two men arrested over contract killing

JASON BENNETT
Crime Correspondent

Police hunting the killers of an accountant shot dead by hooded gunmen at his home have arrested two men after an international inquiry that has lasted four years.

David Wilson, 47, was murdered while his family were held hostage at their home at Withnell, near Chorley, Lancashire in 1992.

The two suspects were arrested in the London area late on Wednesday night.

Michael Austin, 39, an American millionaire fraudster, was jailed for life last February for ordering the murder of Mr Wilson, who was shot twice in the head. He was killed after becoming entangled in a £26.5m international cigarette and insurance fraud, masterminded by Austin.

Austin was extradited from New York to face trial last February. The court was told he amassed about £60m from his criminal career. He had at least 50 aliases and even close associates did not know his real name. Stephen Schepke, 46, an arms dealer from Sidcup, Kent, was given a life sentence in October 1993 for aiding and abetting the murder. Other people have also been convicted.

Following the convictions the police revealed they had found a finger print on sticky tape left at the murder scene. The arrests on Wednesday are understood to have been connected to the prints.

The two men were yesterday brought back to Lancashire for questioning after being arrested by a team of Lancashire detectives.

Superintendent Bob Denmark, who has headed a worldwide hunt for the killers, said: "I do believe that our four-year hunt for the gunmen is drawing to a close."

Hi-tech anxiety that bites the computer generation

LIZ HUNT

Young people who have grown up with computers suffer more anxiety when using them than older, less experienced users, who have had new technology forced upon them in the workplace, according to new research.

Nicholas Bozonenelos, a lecturer in psychology at Strathclyde University, said the findings were "surprising" and confound the expected view that young people introduced to computers at school or the home are undaunted by them and easily acquire the basic skills.

Mr Bozonenelos studied a group of 50 18- to 23-year-olds in higher education who used computers for their course work and a group of 170 older students aged 30 to 43 at a business management school.

More than one-third of the younger group showed computer anxiety – avoidance be-

haviour, wariness and failure to experiment with computers and negative remarks – compared with one in five of the older group. Women were twice as likely to experience computer anxiety in the older group than men.

Around 3 per cent of the younger group suffered such acute anxiety that it could be classed as computer phobia, a condition widely recognised in the US, and as distressing and disabling as a fear of spiders. Symptoms include nausea and dizziness when confronted with a computer. In its extreme form computer phobia is estimated to cost US industry billions of dollars in lost productivity, and even sabotage of hardware by sufferers.

Mr Bozonenelos told the BPS conference in Brighton yesterday that young people were aware that their future job prospects may depend on mastery of the computer, and this was an added source of stress.

"New computer applications are arriving in the marketplace at an increasing rate. They see everything changing and they feel they are not able to keep up with the change."

"People in their thirties and forties know they may have to keep up with one or two applications in their work, and are comfortable with this," Mr Bozonenelos said.

He said computer anxiety was linked with lack of confidence in mathematics ability, and better teaching of this subject would help. Earlier introductions to computers at school and adult courses which explain how computers function were more valuable than short, introductory packages, lasting one or two days, he said.

"Companies should be more careful when introducing computers and ensure they address the human issues. They usually decide the system... on technical issues, and then expect their employees to work with it."

'Work can kill' warning

GLENDA COOPER

Overwork can kill and the Government should take action to reduce the working week, according to the *British Medical Journal*.

In an editorial it says that the Government should intervene to prevent health and safety hazards, including overwork, and employers should be responsible for preventing work overload and stress.

In Japan there is a recognised syndrome of "death by overwork" where the family of a man who killed himself after working for 17 months without a day off has recently won compensation from his employer.

The UK has so far resisted a European Union proposal that limiting the working week to 48 hours should be regarded as a health and safety issue.

But several studies seem to prove that working too hard can damage your health. A Danish study of 2,465 bus drivers over seven years found that workload as measured by the intensity of traffic on the drivers' routes was the factor most strongly associated with death or admission to hospital with a heart attack.

The incidence of death and hospitalisation in those with higher workloads was more than twice that in the group with low workloads.

"Of course there have been

big improvements in developed countries since the Industrial Revolution but sometimes physical overwork has been replaced by psychological overload," said Susan Michie and Anne Cockcroft, researchers at the Royal Free Hospital and School of Medicine Occupational Health and Safety Unit in London. "And as unemployment has increased over the past decade, those in work have experienced increased workload, work pressure and hours of work."

They called on the Government to introduce legislation and strategies to increase employment, reduce the working week and to prevent health and safety hazards at work.

Post staff won't stoop to conquer

ALAN MURDOCH
Dublin

Ireland's postmen and women have declared that they will no longer bow to ungrateful customers. They are threatening to stop delivering to low-down letter boxes, blaming an epidemic of back strain.

The worsening problem has been caused by a national mania for home improvement that has seen the spread of porches and glass doors with floor-level letter boxes.

Now the aggrieved postmen say they will no longer stand, or rather, crouch for it. So fed up are they of injuries caused by the hazardous movement of bending down to ground level while carrying heavy mail bags that the Irish Republic's Communications Workers' Union is now threatening a boycott of impossibly low letter boxes.

Chris Hudson, a CWU official, himself an ex-postman, said: "It's not a laughing matter. I can remember the problems with my back and the sheer difficulty of bending down, getting mail into a letter-box which was at the bottom of a door, while trying to retain the bag on your back."

Branch officials have told

some postal workers to deliver mail to site offices only on new estates where builders had told the union to "get lost".

The union wants parity with European counterparts. In the Netherlands the authorities have set a minimum height for letter boxes and the CWU is pressing the Department of the Environment to legislate for this in building regulations.

A 1992 survey by the Irish Business and Employers Confederation (IBEC) of 7,600 work injuries leading to claims against management found that 13 per cent involved back strain. A 1987-89 study of reportable accidents at work showed between 22 and 27 per cent annually involved back injuries.

Mr Hudson said members were not introducing an immediate ban, but locally the union and the postal service have urged builders to set letter boxes at hip height. "We don't seem to be getting much sympathy. Some builders and local authorities seem to think it's a joke."

He added that if local authorities failed to accept their responsibilities "it will get to the situation where we are compelled by our members to take some action".

Dunblane school gym reduced to rubble

The Dunblane primary school gym where Thomas Hamilton massacred 16 children and their teacher was demolished yesterday.

No more than a pile of rubble remains on the spot where Hamilton carried out his slaughter on 13 March, before killing himself with his own gun.

A group of journalists was allowed into the school to witness

the final stages of the £30,000 operation to tear down the 1960s building and replace it with a temporary garden.

A mechanical digger has been feeding a shuttle fleet of trucks which ship the rubble away to an undisclosed landfill site.

The £10,000 cost of the demolition itself was provided free by a local contractor. The only remaining sign that

the low pile of rubble was once a school building was a blue wall, with five radiators now inconspicuously exposed to the elements. Once it was an inside wall of the gym, but now it forms the gable end of the school assembly block which abutted the demolished building. This will be turned into an outside wall, decorated to match the rest of the school.

The demolition operation

has been carried out in privacy, behind wire-mesh barriers and with police standing guard at the school entrances.

But two bereaved families had turned up briefly to watch the demolition in progress.

Mike Robbins, chairman of the school board, said yesterday: "The removal of the gym is a significant step."

"It allows the parents of Dunblane to draw a line under

the events, and enables us to look to the future to build upon what's happened here today."

He went on: "It takes away that focal point and allows the teachers in particular to think ahead and to plan for the kids coming back on Monday after the Easter holiday."

When the site has been cleared a bed of fine golden gravel will be put down. This will be dotted with tubs of flowers,

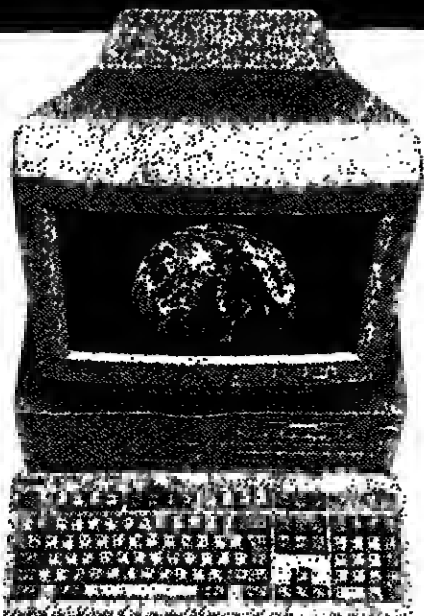
some supplied by the nearby Gleneagles hotel.

Some of this temporary garden will be in place by Monday when the school's 700 children return from the Easter break, and it should be completed later in the week by men working outside school hours. A memorial garden will be created on the site and a new gym will be erected elsewhere within the school complex.

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Dr. V. J. S. S.

Two men arrested over contract killing



IN 1092 William Rufus, angered that Carlisle was proclaimed part of Scotland, went north, drove the Scots out and ordered the building of a stronghold in the borderlands. Thus *Carlisle Castle* was constructed just half a mile outside the city. And ever since it has been the scene of numerous battles with different factions fighting for ownership. It was besieged by parliamentarians in the Civil War, then by Bonnie Prince Charlie during the Jacobite Rising. In order to repel such attacks, the castle defences have been extensively remodelled over the centuries. Perhaps the most notable 'guest' at Carlisle Castle was *Mary Queen of Scots*, a prisoner there back in 1568. You can see Queen Mary's Tower and take the very route she took during her daily walks around the grounds.

THIS year marks the 250th anniversary of the imprisonment of *Jacobites* inside Carlisle Castle following the 1745 Rising. Led by Bonnie Prince Charlie, they succeeded in taking Carlisle Castle before marching southwards to claim the throne for Charlie's father, James Stuart. An exhibition within the castle tells the dramatic story of the Jacobites' movements. How they returned north in defeat with the Duke of Cumberland's men hot on their heels. How they were captured and imprisoned, many of them later to be hanged, drawn and quartered on the nearby *Gallows Hill*. In a dungeon, you will see the famous *Licking Stones*. A permanently moist wall which provided a little water for the Jacobites in this overcrowded prison.



Located in the small village of Belsay, 14 miles north-west of Newcastle, *Belsay Hall* consists of a well-preserved fourteenth-century castle, the ruins of a seventeenth-century mansion and one of the most important neo-classical houses in Britain. But the real jewels in the crown are the 30 acres of magnificent formal gardens, exotic quarry gardens and woodland that surround the buildings. A stroll through the grounds at Belsay



reveals sycamore, oak and ash trees, the Magnolia Terrace, the Rhododendron Garden, the lovely Meadow Garden. Much of what you see there reflects the eccentric character of Sir Charles Mowbray. He returned from his 19-month European honeymoon, 1804-1806, full of ideas to build a new home at Belsay in beautiful neo-Greek style. And to have it set in an equally beautiful landscape.



TO celebrate the 1996 Year of Visual Arts, Belsay Hall will come alive again from 4th May until 26th October. The 'Living at Belsay' exhibition will feature the work of selected craftsmen and artists who'll be refurbishing the entrance and the three main reception rooms. It's a novel idea which will see the normally bare rooms equipped with magnificent furniture, fine ceramics, glassware and wall hangings. A rare chance to see contemporary artistry in an historical setting.

WHEN YOU BUILD A CASTLE FOR A KING WHO'S RENOWNED FOR CHOPPING PEOPLE'S HEADS OFF, YOU BUILD A REALLY NICE CASTLE.

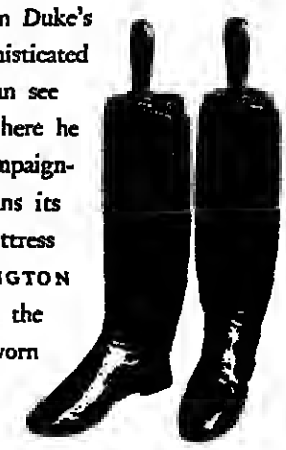


Walmer Castle, Kent.

WHEN Osborne House was completed in 1851 to provide a country residence for Queen Victoria, it was considered by Her Majesty to be 'small and snug'. However, to humble subjects such as you and I, it is anything but. *Osborne*, on the Isle of Wight, served as a peaceful seaside retreat where Queen Victoria and Prince Albert could escape the strict confines of ceremony. And a magnificent retreat it is too. Albert's passion for the Italian Renaissance is clearly evident, what with the Italianate terrace, the Andromeda fountain and the cement copies of the fine Medici Lions from the *Loggia de' Medici*, Florence. Inside you will see a classical Roman statue, the *Marine Venus*, a lovely fresco painting by William Dyce and lots of extravagant grotesque decoration. In the Durbar Room there's a change of country, this state banqueting hall having been designed in the Indian style. Other rooms worth visiting are the Royal Apartments, the Billiards Room and the Nursery Suite. And the perfect way to finish your day at Osborne House is to take a Victorian horse and carriage ride from the main building to the delightful Swiss Cottage, a present from the Queen to her children in 1854.



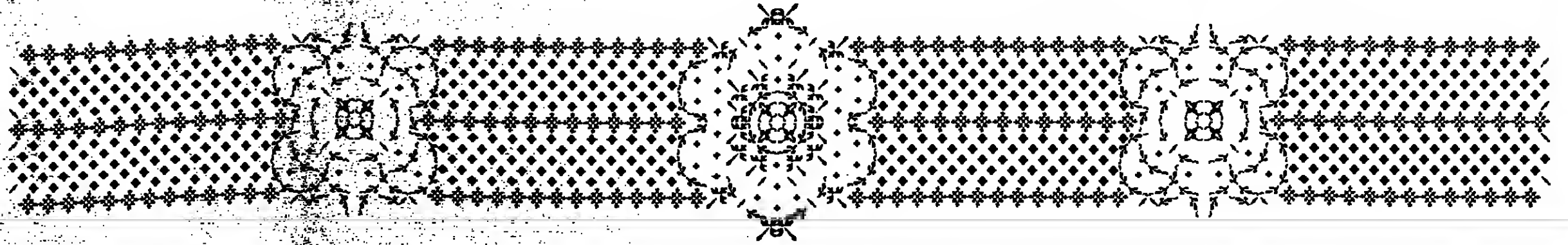
HENRY VIII aside, many other royals have spent time at WALMER CASTLE. Amongst them Queen Victoria and the current Lord Warden, HRH the Queen Mother. Indeed, this delightful residence, just a mile from Deal in Kent, boasts an extremely impressive list of distinguished visitors. Like William Pitt the Younger, who was Lord Warden until his death in 1806. He would try and visit whenever his official duties would allow. A later Lord Warden, the Duke of Wellington, was equally taken with his 'charming marine residence'. His room is arranged just as it was during his stay, its plain, modest furnishings bearing testimony to the Iron Duke's preference for unsophisticated surroundings. You can see the very armchair where he died in 1852, his campaign-bed which still retains its original horsehair mattress and, in the WELLINGTON MUSEUM just along the corridor, the boots worn by the celebrated British war hero.



DURABILITY, not beauty, was the main requirement in the construction of *Walmer Castle*. However, the architects, not wishing to take any chances with the notoriously hard to please Henry VIII, wisely decided to address both issues. One of a chain of coastal artillery forts, Walmer was built to thwart any invasions by Spain or France. This was a real possibility as Henry's split with the Roman Catholic Church and destruction of many monasteries had infuriated the papacy. The castle differed from earlier medieval defences in that it had no high walls or lofty towers. In fact, so attractive was Walmer that only minor modifications were needed to make it the comfortable residence it is today. For more information on English Heritage and our role in preserving the nation's significant buildings please call 0171 973 3434 or visit any one of our 400 sites.

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ENGLISH HERITAGE



CAN FARMING GO GREEN?

Why Austria is a growing force

NICHOLAS SCHOON
Environment Correspondent

Britain, with one of the smallest percentages of land under organic production in the European Union, is suddenly interested in "green" farming methods following the BSE crisis while other member states have seen almost explosive growth in this sector.

Generous taxpayer subsidies, concerned consumers and the Alps have made Austria the developed world's leading organic farming nation. Just over 11 per cent of its farmland receives no chemical fertilisers or pesticides.

Sweden trails in second place, with 3.3 per cent of its farmland given over to organic production. Germany is third with just under two per cent.

In 1990, the Austrian Government offered farmers new subsidies – for each hectare farmed according to strict organic and animal-welfare principles they would receive a fixed payment.

The country's agriculture was well suited to the switch. There

are thousands of small sheep and cattle farms on Alpine pastures where the grass receives little artificial fertiliser.

The third strand in this environmental success story is the co-operation between organic farmers' associations and retailers which led to several main supermarket chains heavily backing organic produce.

Simone Lughofer, agricultural campaigner in Austria with the Worldwide Fund for Nature, said 30 per cent of all sales of fresh produce in one chain falls into the organic category. It costs, on average, 10 to 15 per cent more than its intensively produced counterpart – in Britain this organic premium is at least 20 per cent.

The produce includes not just vegetables, but cheese, milk, oodles and bread. There is a World Wildlife Fund-endorsed "Panda" brand which earns money for the charity.

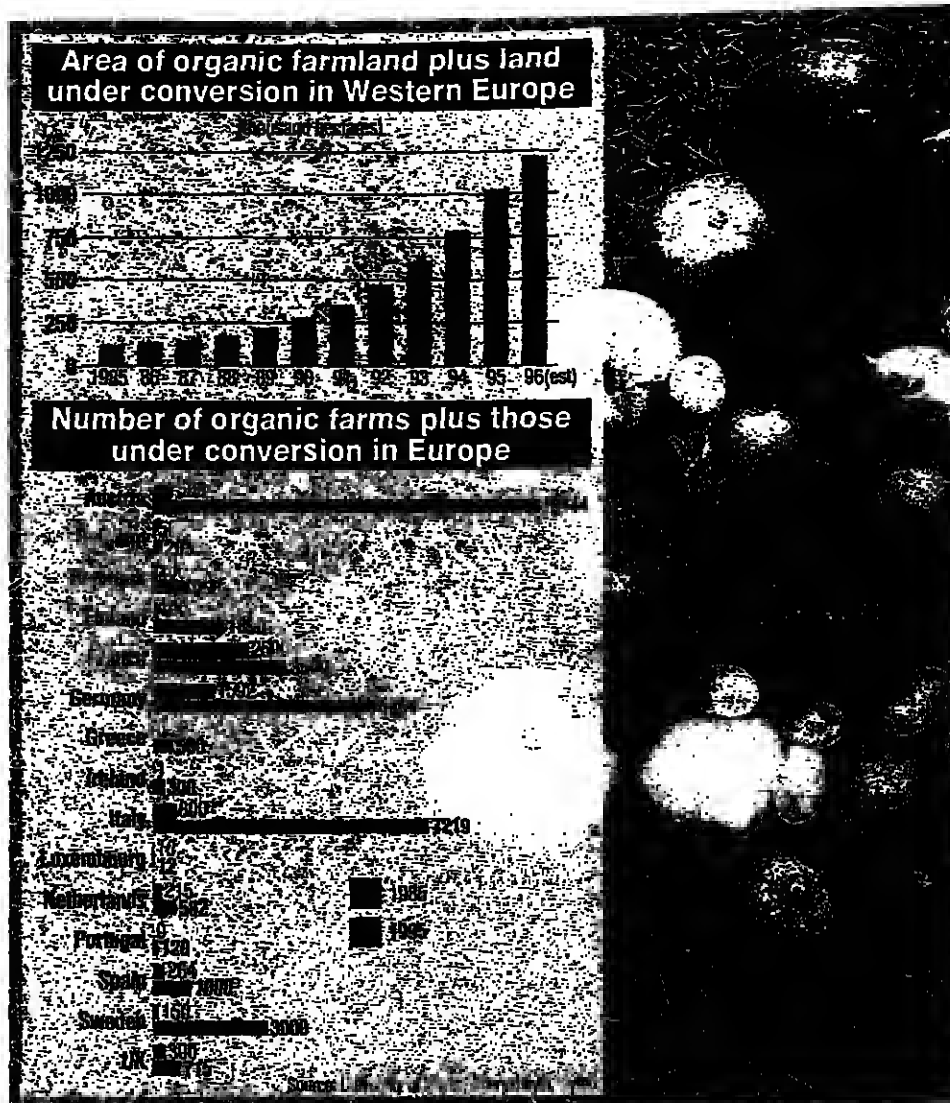
"Getting it into the supermarkets was the real breakthrough because the average consumer is a little lazy – they don't want to have to visit a special organic shop," said Frau

Lughofer. "Now it has become kind of fashionable." The subsidies range from 3,000 Schillings (£188) per hectare for organic grassland to 10,000 Schillings (£625) for vines.

The subsidies started before Austria joined the European Union and have continued since – Common Agricultural Policy regulations allow them, but only as part of a "agri-environment" package subject to financial limits.

Sweden's farmers also pride themselves on being environment and animal welfare-friendly. The change in direction away from the most intensive methods, fostered by a mix of voluntary agreements and Government policies, began in 1953 when a salmonella epidemic killed 100 people. One farm union chose television advertising to explain its stance on environmental issues.

Britain only offers subsidies for the process of converting from intensive to organic production. But the optake has been disappointing and only 0.3 per cent of agricultural land is organically farmed.

Organic growth: How other countries face the challenge
Poisoned land creates demand for 'clean' foodJOHN CARLIN
Washington

The appetite for organically farmed food is booming in the United States, so much so that demand may soon exceed supply. The Trends Research Institute has identified what it calls "a clean-food diet" as one of the top 10 trends of 1996.

It's a brand new phenomenon, a major trend now hitting the mainstream, said Gerald Celente, executive director of the institute. "We identified it as such because so-called health foods that were once relegated to a niche market, consumed only by health food nuts, have started appearing for the first time during 1995 in the aisles of the mainstream supermarkets."

Figures released by the Food Marketing Institute show that today 42 per cent of mainstream supermarkets carry organic produce, and 25 per cent of shoppers are now buying organic food at least once a week. A business opportunity has clearly emerged but, in the view of Mr Celente, "demand will outstrip supply because so much of the land has been poisoned and because the majority of the meat is factory-raised – be it pork, chicken or beef".

"Mad cow has had a strong impact here in the US," Mr Celente said. "It's had a strong subliminal effect, reinforcing what we already intuitively believe, raising public consciousness still further about the safety of what we eat, and accelerating the trend towards a clean-food diet."

The government's Centre for Disease Control and Prevention reported that in 1994 some 7 million Americans became ill

and 9,100 died from food poisoning. But it is not only the imperative to live more healthily and longer that explains the increased demand for organic produce. Other factors include the emergence of a new generation reared in the doctrines of environmental awareness and a spreading clamour for fresher and better-tasting food. The figures show that organic food sales in the US in 1995 hit \$7.6bn (£5bn), up 20 per cent from 1994. These sales were 22 per cent up on 1993. Americans spend \$400bn on food annually but Mr Celente forecasts that by 2010 organic food will account for 20 per cent of sales.

The trend is reflected most eloquently in the burgeoning number of health-food supermarkets. In 1991 there were 195. Now there are more than 700. There are 7,000 government-certified organic farms and dozens of sites have emerged on the Internet providing opportunities to buy produce direct from organic farmers.

The variety of organic foods on offer has been growing exponentially. The list includes soups, pizzas, baby foods, soft drinks and even pet food. More than 60 per cent of regular organic food shoppers have a college degree; 73 per cent are under 45; and the average income of health food devotees is \$36,000, \$5,000 above the national average. "For those who have the means and hear the message, a clean-food diet will become a new-millennium status symbol," Mr Celente predicted.

Little but scorn for indulgence of middle class

MARY DEJEVSKY
Paris

French people have two main responses when asked about "green" farming. The first is to say scornfully that all French farming is "green" because France, unlike Britain or the US, has mostly not gone in for "intensive" or "industrial" farming. The second is to dismiss it as little more than a fashionable hobby for middle-class people with nothing better to do.

"Green farming" nevertheless has a following in France, though it accounts for a very small proportion of the total. The biggest farmers' union, the FNSEA, said that between 1 and 2 per cent of farmers might practise some aspects of "green" farming, but that very few used no chemical pesticides at all. Agriculture ministry statistics give the proportion of farmers meeting the strict EU criteria for "green" farming as only three in 1,000 farmers.

This, however, is still quite a large area of land – roughly equivalent to the surface area of orchards producing eating apples. And while the number of farmers registered as practising "green" farming has remained almost static since 1990, at around 3,700 (although there was a dip down to 2,600 in the early Nineties), the area of land farmed ecologically has increased by 10 per cent to 60,000 hectares. There is also a tendency for "green" farmers to be

highly specialised, whether in particular sorts of livestock farming, market-gardening or viticulture.

These figures may, however, be deceptive. It is said, for instance, that some "green" farmers choose not to register as such, some because they do not meet all the criteria, some because they regard the 3,000-franc annual registration fee as too expensive and the bureaucracy burdensome.

For all the popular scorn meted out to the idea of "l'agriculture biologique", there is a proven demand for "green" agricultural products in France, and it was growing well before the problem of British beef emerged. Consumption increased by 5 per cent between 1993 and 1994, and continues to rise. The Paris area has a dozen "green" markets, compared with only three, five years ago, while regular markets all over France often include at least one "bio" stall and many large supermarket chains offer "ecologically" produced vegetables. The problem is that production does not match demand and the wholesale network is poorly developed. The most optimistic estimates suggest that between 2 and 3 per cent of fruit, vegetables and cereals in France could be biologically produced by the year 2000, as against 1 per cent today.

A luxury ensured by ducks in the paddies

Organic farming is well-established in Japan, a nation obsessed with food purity. Almost every supermarket has a section devoted to organically-produced vegetables, rice, fruit and poultry, which cost roughly 20 per cent more than conventional fare, writes Raymond Whitaker.

Since Japanese food prices are already exorbitantly steep by Western standards, thanks to heavy subsidies to farmers and high import barriers, organic produce might seem like a luxury. But Japanese consumers are inured to spending a higher proportion of their incomes on food than those in other countries, and organic farming has a high approval rate among people living in large cities – 93 per cent, according to one poll. Costs have been kept down, and farmers encouraged to

switch to organic methods, by direct contact between consumers and producers. Japan has a sophisticated system of co-operatives, known as *san yoku*, in which city-dwellers band together to buy direct from farmers, who pool and deliver their produce. There are more than 600 such co-ops, the largest of which has 150,000 members. "It is not just the safety of the food that consumers appreciate, but also the taste," said one official.

About 10 per cent of Japan's farming villages have gone over to organic production. Some rice farmers use ducks instead of pesticides to keep down weeds in their paddy fields, with the result that the rice, the ducks and their eggs can all be labelled "organic".

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Peres gambles on air strikes at Hizbollah

PATRICK COCKBURN
Jerusalem

The Israeli government delayed air strikes against Hizbollah, the Lebanese guerrilla movement, for so long because it has more to lose than gain by escalating the war in Lebanon. By yesterday morning it could wait no longer.

With an election due on 29 May, Shimon Peres, the prime minister, could not afford to look weak. His election slogan is: "Israel is strong with Peres."

Pressure to do something against Hizbollah had been building up in Israel during the Passover holiday. On Tues-

day guerrillas fired seven Katyusha rockets into northern Galilee, injuring 36 people and damaging 200 homes in Kiryat Shmona, close to the Lebanese border. Mr Peres was advised not to visit the town for fear of hostile demonstrations.

The Israeli army offered the government three options: mass air attacks, a mixture of air and ground attacks, or an attack on targets in Beirut. Mr Peres appears to have opted for the first and third options. By launching the first air attack on Beirut since the 1982-84 Israeli invasion of Lebanon, he hopes to convince the Israeli electorate Hizbollah is being punished.

Government ministers in Jerusalem were yesterday sounding bellicose. Ori Orr, the defence minister, said: "Beirut itself must understand that it cannot be quiet there and less quiet in Kiryat Shmona."

Major General Amiram Levine, in command of Israeli forces in Lebanon, said: "Residents in south Lebanon who are under the authority of Hizbollah will be hit harder and Hizbollah will be hit harder."

There was a more muted analysis from other members of the government. Yossi Beilin, a cabinet minister in Mr Peres's office, said there would be no drastic change in the situation

at the border until Israel had a "comprehensive diplomatic agreement with Syria and Lebanon". The air attacks so far have been light, probably designed more as a warning than a serious military assault.

The danger for the government is that Hizbollah will strike back both against Israeli troops in their occupation zone in southern Lebanon and through Katyusha rocket attacks against northern Israel. The guerrillas have shown in recent months that they are effective at evading Israeli patrols and staging complicated ambushes. The Israeli explanation for this is that Hizbollah has set up special

units which have good intelligence and are highly trained.

There were several signs of this increased sophistication in recent weeks. In one instance a Hizbollah unit fired shots at a patrol on the Israeli side of the border and then killed four soldiers who pursued them with a rifle; a senior Israeli officer was targeted by a suicide bomber; and a bomb was placed in the local office of the South Lebanon Army, the local Lebanese militia armed and trained by Israel.

All this is in sharp contrast to the military incompetence of the Palestine Liberation Army when it ruled south Lebanon be-

fore the 1982 invasion. Though its forces numbered about 6,000 - while Hizbollah forces are probably in the hundreds - it failed to mine the roads or bridges. Hizbollah has proved a much tougher antagonist and, as one Israeli observer put it, "Peres cannot afford another 20 military funerals."

Israel's opponents are far more skilled than they used to be, but Israeli tactics have remained much the same. Air attacks on Beirut and Baalbek and reported shelling by gunboats are an old recipe which has not proved very effective.

One possible innovation in Israeli tactics is to target villages

from which Katyusha rockets are alleged to have been fired. Israel might announce that Hizbollah must leave certain villages by a certain date or Israel will feel free to fire at them.

If it does so this will mean the end of the understanding, brokered by the US in 1993, whereby Israel and Hizbollah pledge not to hit each other's civilians except by way of retaliation.

This would mean an escalation in Lebanon just when the Israeli government does not want it. In 50 days it will face a general election. It had hoped that Lebanon would not become an issue. It has enough troubles calming public anxiety

over the four suicide bomb attacks which killed 62 people in February and March.

But an editorial in the daily newspaper *Ha'aretz* said a breaking point was close in northern Israel when "the population will move southward and, in politics, voters will shift to the right."

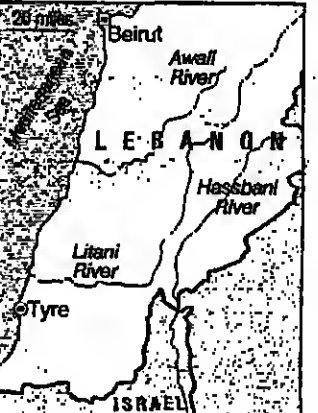
The air strikes yesterday were an attempt to achieve three aims: Show Israelis that firm action is being taken, send a warning to Hizbollah but, at the same time, not escalate the level of fighting. The extent of Hizbollah retaliation will decide if Mr Peres has achieved these contradictory objectives.

Fears rise of new cycle of Lebanese bloodshed

ROBERT FISK
Beirut

Israel's long-expected blitz on Lebanon - a day of air attacks that hit Beirut for the first time in almost 14 years - had last night produced near-stalemate as the Hizbollah militia threatened retaliation against Israel. Rafiq Hariri, the Lebanese Prime Minister, warned that the "vicious circle of violence" which left at least four dead and six wounded across Lebanon, could run out of control unless the Israelis, who said their raids were in retaliation to an earlier Hizbollah Katyusha attack, resolved to withdraw their occupation troops from the south of the country.

By evening, the Israeli assault seemed to have achieved little.



Of the four known dead, three were civilians - one a 27-year-old woman killed in her car by a missile-firing Israeli helicopter near the Jiyeh power station - while an air raid on a supposed Hizbollah office outside the eastern Lebanese city of Baalbek merely destroyed the municipal rubbish dump.

Despite Israel's much-trumpeted "destruction" of a "terrorist operational nerve-centre", the Hizbollah's headquarters in Beirut - the high-rise Majlis al-Shura council building - appeared untouched, although militiamen prevented reporters from moving less than 200 metres from the building.

The only military casualty was a Lebanese soldier manning a checkpoint south of the city of Tyre who was killed when the Israelis bombed an army anti-aircraft unit which had been firing at their helicopters.

The Israelis later warned the Lebanese army to "stay neutral" in their attack on Hizbollah but the Lebanese Minister of Defence, who declared the dead soldier a "martyr", ordered his brigades in southern Lebanon to fire at Israeli forces in the air or on the ground.

Presumably aware of the civilian casualties that would be wrought by the air assault, an Israeli army statement warned during the day that "civilians who live next to Hizbollah activist (sic) centres and homes may be hurt." But the radio station of Israel's proxy South Lebanon Army militia said electricity stations and water systems may be attacked, suggesting Israel's real intention was to threaten Lebanon's government with disaster unless it disarmed the "Islamic Resistance" movement in southern Lebanon.

But Mr Hariri said last night that attacks on Israelis inside southern Lebanon would continue unless Israel abided by UN Security Council resolution 425, to withdraw all Israeli forces from southern Lebanon.

Syria called the attacks "an act of aggression that would damage the Middle East peace process." What caused deep concern for Mr Hariri, however, was not so much the casualties but the assault on Beirut. Not since the hot August days of the Israeli siege of 1982 when their enemies were the PLO - now their new allies - have the Israelis attacked the Lebanese capital.

By the standards of 14 years ago, yesterday's missile-firing helicopters were a pin-prick, but they were intended - as both the Lebanese and the Syrians knew - to carry a message: further attacks on Beirut could be less restrained, more bloody and longer-lasting; so why don't the



Air force: Bystanders in a southern suburb of Beirut inspect the damage caused by Israeli aerial bombardment

Photograph: Globenet

Lebanese and Syrian governments disarm the Hizbollah who are causing so many casualties among Israel's occupation troops in the south? As Mr Hariri made clear last night, neither Beirut nor Damascus planned any such action.

In 1993, after Israel responded to the killing of eight occupation soldiers with an air bombardment that slaughtered 123 Lebanese civilians, an agreement brokered by the US and Syria between Israel and the Hizbollah stipulated that neither side would attack the other's civilians unless the other did so first. Last month, the Israelis apologised for killing two young civilian men in the village of Yater for fear that the Hizbollah might fire Katyusha rockets over the border. Last weekend, a boy was killed by a bomb in the neighbouring village of Bradchit; Hizbollah's belief that the explosives were command-

detonated by the Israelis prompted the Katyusha attack which wounded 13 civilians in Galilee and provoked yesterday's counter-counter-retaliation by Israel.

The Lebanese and Syrians realise Shimon Peres, the Israeli Prime Minister, is under pressure prior to the 29 May elections, to show he can tame the Hizbollah. But the militia's determination to go on fighting the Israelis inside Lebanon means the Israelis are likely to face retaliation in response to their own retaliation, a cycle of mutual revenge which, as Mr Hariri said, can become self-generating.

Hizbollah and security sources in southern Lebanon suggested last night that further Katyusha attacks would be made against Israel in response to today's raids. Rumours in Beirut spoke of a planned Israeli commando raid on the capital.

Looting orgy grips Monrovia

JACKSON KANNEH
Reuters

Monrovia - Gangs of Liberian militiamen blasted their way through gates with rocket-propelled grenades and carried off their spoils in United Nations vehicles as fighting here turned into a frenzy of looting yesterday.

The United States diverted a warship from the Adriatic to help evacuate foreigners. Residents confined to their homes since fighting erupted on Saturday said food and water were running short. Looters attacked the Lebanese school next to the US embassy in the Mamba Point district and used vehicles from the UN military observer mission to carry off their spoils.

They also invaded UN Development Programme offices. A witness said looters, who have emptied shops of goods, were attacking homes and seizing private cars.

General John Inengi, commander of the Ecomog African peace-keeping force, said his men were trying to take key districts of the capital to prevent carnage spreading. Units had intercepted guerrillas trying to infiltrate the capital from western Liberia to back colleagues locked in fighting. A number of guerrillas died in the clash. "We should try and secure the Mamba Point area as a priority," he said, referring to the district where the UNDP offices, other international agencies, most embassies and

diplomatic residences are. US helicopters have been ferrying foreigners from the US embassy in the district to Freetown or Dakar. US officials said fighting might have to be restricted to night-time because of fear of daytime attack from militia gunners with rocket-propelled grenades. Nearly 400 people have been evacuated since Tuesday and hundreds more are in the embassy.

In six years of civil war in Liberia the capital had been relatively safe until clashes erupted nearly a week ago after the coalition government tried to arrest the Krahn tribe militia warlord, Roosevelt Johnson, on murder charges.

The fighting is the most serious threat to a 1995 peace ac-

cord which was signed in Nigeria last August.

Nigeria and Ghana, which have the largest contingents of troops in the Ecomog force, which was sent to Liberia in 1990, held urgent consultations on Wednesday and pledged their commitment to the regional peace-keeping effort. "Whatever the cost, Liberia and Liberians must not be abandoned to their fate," a Ghanaian official said after a delegation from President Jerry Rawlings held talks with the Nigerian military ruler, General Sani Abacha, in Abuja.

General Inengi said Ecomog peace-keepers and other hostages, including scores of Lebanese, were still held by Mr Johnson's backers.

Violence threatens Natal poll again

ANTON FERREIRA
Reuters

Pretoria - President Nelson Mandela yesterday said local-government elections in KwaZulu-Natal might have to be postponed for a second time because of widespread violence and intimidation in the province.

He said he would meet the Inkatha Freedom Party leader, Mangosuthu Buthelezi, in Cape Town today to discuss whether

the election should go ahead as scheduled on 29 May, be postponed altogether or be held in stages.

Violence between Mr Mandela's African National Congress and Inkatha, which has a majority in KwaZulu-Natal, has raged on in the province despite the relative calm in most of the country since the all-race general election in 1994.

"There is a high level of deaths in the province," Mr Mandela said after a meeting

in Pretoria with Chris Fisser, Minister of Constitutional Affairs and Local Government, and his deputy, Mohammed Valli Moosa.

Mr Fisser and Mr Valli Moosa reported to him on a visit they made this week to the province to canvass views on whether the election should go ahead as planned. The poll was postponed in November because of violence and then put off again in March because of a boundary dispute. "There are

still no-go areas where there is no guarantee that free and fair elections can be held," Mr Mandela said.

"We cannot ignore the fact that so many people have died and the prediction is that more people are going to die as the rhetoric from the political organisations intensifies. What is the point of having elections when some organisations cannot do their political work in some areas and these are vast areas?"

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international

Gibraltar drug chase death angers Spain

ELIZABETH NASH
Madrid

Madrid gives Britain a dressing-down after helicopter crashes pursuing speedboat off the Rock

Spain imposed strict border controls and Britain's ambassador in Madrid was summoned to the Spanish foreign ministry for a dressing-down yesterday, after a civil guard died in a helicopter crash off the southern coast while in pursuit of a Gibraltar-registered speedboat suspected of drug-running. The incident was described as "very serious" and reignited the long-smouldering row with Britain over drugs being smuggled via Gibraltar from Morocco to Spain.

The ambassador, Anthony

Brightly, received a formal complaint that Britain was not doing enough to stamp out drug smuggling through Gibraltar, a senior Spanish diplomatic official said. "The incident shows that the smuggling operators are still active. Britain, as the colonial power, bears a very large part of the responsibility. It has only stripped off the leaves of the carrot. The root is still alive and we want it pulled up," the official said.

Prodded by Madrid, Britain last summer imposed measures to combat smuggling and

money-laundering in Gibraltar that were acknowledged by all parties to have cut down illicit traffic. But the foreign ministry said yesterday that the measures had been "neither effective nor sufficient" and must be strengthened.

Spanish regional authorities slapped what they described as "very severe controls" on the border with Gibraltar in response to "the intolerable rebirth of the speedboat smugglers". The regional governor admitted that the stringent measures would probably cause

considerable inconvenience for visitors to the Rock, but were necessitated by recent events.

A British embassy spokeswoman, commenting on the meeting between Mr Brightly and the foreign ministry's head of European affairs, Jose Rodriguez Spiteri, said: "The ambassador received Spain's expressions of displeasure and reiterated HMCG's commitment to eradicate drug and tobacco smuggling."

The stricken civil guard helicopter was closely pursuing a Gibraltar-registered speedboat

it fell into the sea near Cape Trafalgar on Wednesday afternoon, killing one of the crew. Two others swam to safety.

Two men on board the speedboat, a Gibraltarian and a Moroccan, were detained. They apparently told the authorities they had unloaded 600kg of hashish from Morocco on to the beach near the Spanish town of Barbate and were returning to Gibraltar. A third man, a Spaniard, escaped.

Earlier on Wednesday, the three-man crew of another Gibraltar-registered speedboat

fired on the civil guard helicopter with marine-flare pistols off the coastal town of Tarifa. The three, two Gibraltarians and a Briton, were detained, but on this occasion the helicopter was not harmed.

Gibraltar's Chief Minister, Joe Bossano, yesterday rejected the suggestion that his authorities were not doing enough to combat drug-trafficking. "We have tightened the system as much as we can, we are spending proportionately more than either Spain or Britain, but no system is 100 per cent foolproof.

We took action against the rigid-inflatable and there are now only 10 legally berthed in Gibraltar's harbour, compared with more than 60 last summer. But it's still 10 too many," Mr Bossano said yesterday.

Mr Bossano reiterated his long-standing complaint that Gibraltarians were not the only ones involved in trafficking. "My responsibility is to remove the Gibraltar connection. Even when in time we eliminate all the boats registered in Gibraltar, this will not stop the problem."



Joe Bossano: 'No system is 100 per cent foolproof'



Flower power: A new sculpture based on Fernand Léger's 'La Fleur Qui Marche', in the Place de la Concorde, Paris. The exhibit is one of many being installed along the Champs d'Élysée which is becoming the world's biggest open-air art gallery. Photograph: Brian Harris/B&S Photography

Doubts grow over Bosnia rebuilding

SARAH HELM
Brussels

World donors meet today in Brussels in a new effort to raise money for the rebuilding of Bosnia, envisaged under the Dayton peace accords as the foundation for lasting peace.

However, the meeting takes place amid increasing doubts about the role to be played by the international community in the reconstruction effort. Western analysts are also sceptical about whether reconstruction can really cement over the deeply-rooted enmities, thereby preventing further war.

The decision announced on Wednesday by Bosnian Serb leaders not to attend the donor conference provided a stark illustration of how distant the concept of permanent reconciliation remains. Rajko Kasagic, prime minister of the Bosnian Serb republic, is reported to have rejected an invitation to attend the conference because of pressure from hardline Bosnian Serbs, who remain determined to disrupt the peace process.

At the Brussels conference, sponsored by the European Union and the World Bank, donors aim to stump up \$1.2bn (£800m) - the minimum figure set by the World Bank for the first year of reconstruction. Over the next three to four years, an estimated \$5.1bn will be needed to rebuild devastated infrastructure, towns and villages.

During the Brussels conference, the US is expected to pledge \$200m, Japan \$125m, and the European Union \$200m. Several EU countries will offer their own separate donations, and Islamic countries are expected to pledge about \$100m.

However, despite these generous noises, nobody is under any illusion about the reluctance of the world community to pay up. Carl Bildt, the High Representative responsible for implementing the civilian side of the peace deal, has already predicted a \$400m shortfall at the Brussels conference.

A conference held in December produced promises of \$600m, but the donors have been slow to hand over the cash and only a fraction of this first sum has yet been spent. As a result there has yet been little reconstruction on the ground to produce any real confidence in the Dayton process.

The dilemma for the donors is acute. It is accepted that without Western money there can be no substantial rebuilding or economic revival, and, as a result, there will be no chance of creating the conditions for the next phase of the peace process, namely the preparations for elections in September.

However, since Dayton, the donors have seen less and less reason to believe that the peace has so far brought about any fundamental reconciliation be-

tween Bosnia's Serbs, Muslims and Croats. "We see no guarantee that if we spend the money there will be any return," said one Western official this week.

The task of separating the warring parties and returning the forces to barracks has been largely completed already by the 60,000-strong Nato implementation force (I-For). However, the job of rebuilding, bringing about the return of refugees, ensuring free movement and a free market, and establishing institutions for the new Bosnia, has scarcely begun. Under the peace deal the Serb entity consists of 49 per cent of Bosnia with the Muslim-Croat federation covering the rest. Institutions responsible for both entities were to have been established before the end of the year, as well as economic projects crossing ethnic boundaries.

Western diplomats voice increasing impatience about the Bosnians' reluctance to build the peace. "Everyone there is standing around waiting for the international community to do something," said one Nato official. There is talk of the dangers of creating a culture of dependency. "There is deepening fear among the donor governments that the elections, even if they do come about, will only confirm the dominance of the existing extreme nationalist parties, and will not bring in a leadership which advocates reconciliation," said a Western diplomat.

Clarke pressed to rejoin ERM

SARAH HELM
Brussels

Kenneth Clarke, the Chancellor, will be strongly pressed by his European partners tomorrow to take Britain back into a revamped Exchange Rate Mechanism, in preparation for joining the single currency.

However, Mr Clarke is certain to resist any such move, and European finance ministers meeting in Verona will acknowledge they have little power to force Britain to rejoin a currency pact against its will.

The idea of establishing a new ERM for those countries which do not join the single currency in the first wave, has been intensively discussed within the EU for almost a year, but will be formally proposed for the first time tomorrow at the Verona meeting.

Most member states believe those countries which do not qualify for EMU, or do not wish to join at the beginning, should agree to join a mini ERM, in order to ensure a stable relationship between the so-called "ins" and "outs". Without a new mechanism to enforce currency stability between "ins" and "outs", or, the "pre-ins", as the European Commission now calls them, the operation of the single market may be severely undermined.

For Britain, to consider rejoining an ERM in the run-up to the next election and prior to any decision to join monetary union is unthinkable. It would cause outrage among the Euro-sceptics who celebrated Britain's departure from the ERM in September 1992. However, Britain has been hoist by its own petard over the issue.

For, it was John Major who first insisted, at the Cannes summit in June, that the EU should examine the relationship between the "ins" and the "outs" and the effect it might have on the single market. The setting-up of an ERM is the solution that Mr Major's partners have come up with.

At the Verona meeting, only Sweden and possibly Finland are likely to join Britain in opposing the principle of a new ERM. However, although Germany, France and the European Commission would like to oblige Britain to join, there is so much to be gained from opposing the principle that to do so would be political suicide, hardening British attitudes against the entire single currency project. Furthermore, the experts concede that there are no legal grounds for insisting that Britain should join.

Asked whether Britain should be forced to join such a pact, Yves Thibault de Silguy, the Economics Commissioner, said all 15 EU members would be expected to act as one "rugby team".

"We do not want one or two members just watching," he said. But Mr de Silguy gave no hint that sanctions could be imposed if Britain remains on the sidelines, suggesting, instead, ways of cajoling Britain into accepting the system.

Outlining the ERM options to be tabled in Verona, Mr de Silguy said one possibility would be a strict system which will be entirely optional. Another idea would be an ERM so flexible that even Britain would find it acceptable to join. Commission officials have also canvassed the idea of calling a future ERM something totally different.

Airport shop fire kills 12

Düsseldorf (AP) - At least 12 people were killed and 50 injured when fire broke out in a flower shop at Düsseldorf airport yesterday.

Many of the deaths appeared to have been caused by inhaling gas. The dead were found in the shop and a lift. Police said the death count could rise because of the seriousness of some of the injuries.

Panic broke out in the arrivals hall when the fire erupted. Officials evacuated the terminal and closed the airport to all flights. The shop where the fire started was being repaired and this was considered a possible cause.

ZDF television showed pictures of a deserted, smoky terminal after the fire, and a body covered with a sheet on a stretcher on the street outside. "My co-worker saw sparks flying out of a ventilation grille over this flower store and he immediately called the fire brigade," a young man told the television station.

A spokesman for the airport said people were treated at the scene for fire-related injuries. Uninjured travellers were taken to hotels or to the Konrad Adenauer Airport, which serves Cologne and Bonn, where planes that had been scheduled to arrive at Düsseldorf were being directed.

EMMA DALY
Sarajevo

A battered truck, modified to carry sheets of glass, stands outside the office of Interpass waiting for the next order. This being Sarajevo, its windshield is decorated with concentric circles of shattered glass, courtesy of a wartime bullet.

Inside, men are cutting panes for one of Bosnia's growth industries. Since the signing of the Dayton peace plan at the end of November, Interpass has fitted around 200 to 300 square metres of glass each working day. Gone is the plastic sheeting, marked in blue with the acronym of the UN High Commissioner for Refugees. Ubiquitous in the war, it has been replaced with glass. Interpass, the largest private glass company in the city, has tripled its pre-war workforce to accommodate the boom.

But the reconstruction of Bosnia is dormant: the only rebuilding to date has been done by Nato troops, aid agencies, local entrepreneurs and householders. None of the money pledged by foreign governments

has reached Bosnia, according to international civilian officials.

Those working for Carl Bildt, the High Representative in charge of co-ordinating reconstruction, say the immediate problem is not a lack of cash but a surfeit of bureaucracy, which threatens to exacerbate the obvious dangers of demobilising thousands of soldiers who have no jobs and no prospects.

The World Bank, which will administer the aid donated at this weekend's conference, has rigorous and time-consuming procedures for dispersing funds, aimed at ensuring the money is accounted for and spent on worthwhile projects. The problem, say Mr Bildt's staff, is that Bosnia needs cash now, so that the unemployed can be put to work paving the ground for larger projects.

"There is a huge conflict between the political requirements on the ground and the normal working processes of the World Bank," said Duncan Bulivant, a spokesman for Mr Bildt. He maintains that the priority is first to repair infrastructure and then to provide work for the thousands on both

sides who must be demobilised by the 18 April under the Dayton plan.

"They need jobs now to get them off the streets," Mr Bulivant said. Mr Bildt envisages "Depression-style" hiring, in which locals would be employed for casual work such as clearing rubble before the bigger projects begin. If money for such action is not forthcoming "it's going to create a sea of opportunity for political extremism", he said.

There are no big foreign reconstruction projects under way. Western troops are working to repair electricity lines in eastern Bosnia for example, just as British troops have rebuilt a bakery in Gorzija Vakuf.

In Izula, 16 British fire fighters are helping to renovate a kindergarten, with money provided by War on Want and Norwegian Peoples Aid.

The success of the Dayton peace plan will depend on translating political accords into material benefits for the exhausted people of Bosnia and that will require a large - and swift - injection of cash. Only the hope of prosperity will silence the siren songs of nationalism.

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Election shock for Korean opposition

RICHARD LLOYD PARRY
Seoul

The ruling party of President Kim Young Sam staged a surprising recovery in elections to the South Korean National Assembly yesterday, thus jeopardising the hopes of the country's most prominent opposition leader. As the results emerged, an angry North Korea issued dire new threats of war.

Pollsters and even party members had predicted that the president's New Korea Party (NKP) would lose its majority in the 299-seat parliament where it holds 150 seats. But early returns indicated a final showing of close to 140 — enough, with the support of unaffiliated independents, to maintain overall control.

The leading opposition party, the National Congress for New Politics (NCNP), led by the veteran dissident Kim Dae Jung, made far fewer gains than anticipated, while the United Liberal Democrats led by Kim Jong Pil, who served under Korea's military dictators, increased its showing.

The most important factor influencing voters was probably the tense situation on the border, where North Korean troops staged small-scale incursions of the demilitarised zone last week-end, after renouncing the 43-year-old armistice which brought peace to the peninsula after the Korean War.

Apart from increasing surveillance of the North, the American-led United Nations command took a cool view of the incursions, which appeared to be little more than acts of bellicose showmanship designed to pressure the US into direct talks with Pyongyang. In Seoul, however, they provoked alarm, which the government did nothing to discourage. This appears to have persuaded large numbers of un-

decided voters to opt for caution rather than change, to the benefit of the ruling party.

"The results reflect a public aspiration for stability and are a strong popular endorsement for President Kim," said a spokesman for the ruling party. "The incidents in the demilitarised zone strengthened people's belief that a strong mandate for the president and his ruling party is essential to national security."

The irony of all this — a near-victory for the government courtesy of its deadliest adversary — was lost on Pyongyang. Even as the votes for the NKP mounted, the official North Korean media yesterday issued the latest in a series of blood-curdling statements, denouncing the South for unspecified acts of military intimidation. "If the South Korean puppets dare provoke war against us like a new-born puppy knowing no fear of a tiger," the *Rodong Sinmun* newspaper commented, "we will deal a heavy blow to the provokers and punish their crimes a thousand-fold."

Reflecting ruefully on all this will be the NCNP leader, Kim Dae Jung. A one-time friend of President Kim, in their days as pro-democracy dissidents under the military dictatorship, he has three times stood for the presidency and lost. His last chance would have been in next year's presidential elections, and so confident was he of success in yesterday's poll that he placed himself 14th on a list of party nominees for seats allotted by proportional representation. But the NCNP was last night set to win little more than 75 seats, leaving Kim a good chance of losing his assembly seat.

The scene is now set for President Kim to appoint his own successor as president, and continue his reforms of the stock exchange and bureaucracy.



Rebels with a cause: Two Kurdish fighters sitting tied up on the top of a mountain after being captured by Turkish troops during an offensive against the PKK guerrillas in Turkey's south-eastern province of Diyarbakir. Photograph: Reuters

Chechen peace plan on the brink

PHIL REEVES
Moscow

Nearly a fortnight after it was presented to an expectant outside world, Boris Yeltsin's much-vaunted and long-delayed plan to bring peace to Chechnya is showing increasing symptoms of being destined to die in its infancy.

Fears are growing among Mr Yeltsin's liberal supporters that hardliners in the Russian military are ignoring his peace initiative altogether, and are pushing on with the war in the belief that they can win it.

These concerns were fuelled yesterday by a burst of beligerent rhetoric from the commander of the Russian Interior Ministry troops,

General Anatoly Shkirko, who declared that Dzhokhar Dudayev's Chechen fighters must either give up their weapons or be "smashed". The matter could not be settled "half way", he told Interfax news agency.

The general made clear that attempts to crush the rebels would come under the category of "special operations", which the president has decided to continue, despite calling a halt to large-scale military action when he unveiled his peace initiative on 31 March.

"Special operations", however, appears to be a catch-all phrase which the Russian military is using to justify a range of activities. In the last 11 days, there has been little sign of the "peace and tranquillity" which

Mr Yeltsin promised, but plenty of bloodshed.

At least 15 villages have come under air, artillery or infantry attack. According to Chechen rebel supporters, 10 people died when a bomb exploded underneath a dais where the rebel commander, Aslan Maskhadov, was due to speak. More than 100 Russian federal troops, and an unknown number of Chechens, have died.

One village, Shalazhi, was bombed on the day after its elders signed a peace accord with the Russians and the Moscow-backed Chechen government — although this was denied by the commander of the Russian Air Force, Pyotr Deinekin. He made the astonishing claim that the bombs were not the work of

his jets, but of "provocateurs" who had placed "special depth charges" in the village.

The continuation of hostilities, and the failure of the Russian authorities to provide any reliable information about its activities in Chechnya, is feeding pessimism that Russia has seen the last of the 16-month conflict in which at least 30,000 have died. Yesterday the Russian newspaper *Sogodny* declared that Mr Yeltsin's initiative was already "on the slide".

This diagnosis coincided with a warning from the governor of Nizhny Novgorod, Boris Nemstov, one of the country's best-known liberals, that the hawks around Mr Yeltsin, both in the military and within the

Kremlin, could be propelling him to electoral defeat.

"The part of Yeltsin's entourage which toys with illusions about the possibility of victory not only leaves no chance for Yeltsin to implement his peace plan but also makes his defeat in the coming election possible," he said.

The only glimmer of hope is that General Dudayev appears to be willing to accept Mr Yeltsin's offer of mediated talks, despite his preference for direct negotiations with the president himself. Striking an unusually conciliatory note, he described Mr Yeltsin as "the least culpable" of senior Russian officials, and blamed "red-brown" forces in his administration for undermining his policy.

IN BRIEF

FBI checks Bomber romance theory

Washington — The FBI is investigating a failed romantic relationship involving Unabomber suspect Theodore Kaczynski in 1978 when the bombing spree began, a source close to the case said. The source said Mr Kaczynski's family brought the difficult break-up to the attention of the bureau. But an FBI official expressed scepticism that the break-up was the motive. *Reuters*

Frontier row

Vladivostok — Boris Yeltsin has ordered a temporary halt to the demarcation of a disputed part of the Russian-Chinese border. The dispute will be discussed during the Russian President's visit to China this month. *Reuters*

Deer resurfaces

Peking — A species of red deer believed to have become extinct in Tibet has been rediscovered by Chinese and US scientists. They found herds of the endangered wapiti, or red deer during a survey of Sangri county in Tibet. *Reuters*

"Racist" French

Geneva — France is being shaken by "a wave of xenophobia and racism", a UN investigator said. UN Human Rights Commission investigator Maurice Glele-Ahanhanzo said the problems had been made much worse by anti-immigration laws passed in 1993. *Reuters*

Libel award

Singapore — Former Prime Minister Lee Kuan Yew won an extra \$71,000 (£47,000) in a libel suit over a newspaper article that Mr Lee said accused him of using Singapore's courts as a tool for repression. The damage award ends the last pending legal action by Singapore authorities over articles published in 1994 by the *International Herald Tribune*. *AP*

Telecoms strike

Paris — Workers at France Telecom went on strike to protest against plans to streamline the national telecoms operator and prepare it for partial privatisation. *Reuters*

Waste danger

Moscow — Nuclear officials warned that ponds containing liquid radioactive wastes at the Mayak plant in the Ural mountains nuclear plant were in danger of overflowing and could contaminate large inhabited areas. *Reuters*

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MO2014NG

obituaries / gazette

Professor Gordon Pask

Gordon Pask was one of the founding fathers of cybernetics, the interdisciplinary and transdisciplinary intellectual movement that sprang up after the Second World War. "The science of control and communication in the animal and the machine" was how it was defined by Norbert Wiener, the American mathematician who in the 1940s coined the name cybernetics, the "art of steering-ship", from the Greek word *kubernesis*. Pask's book *An Approach to Cybernetics* (1961) is still one of the most accessible introductions to the subject.

Pask was a rare man in other ways. He was an eccentric in the best sense; gifted and original as a scientist, artist and lyricist. He had an exceptionally productive career (several books and over 200 published papers). His many contributions are still being assimilated in psychology, educational technology, cybernetics and systems science.

The founders of cybernetics included biologists and neurologists, mathematicians and engineers, psychologists, sociologists, anthropologists and economists. Many were world leaders in their fields (Wiener had helped develop the world's first computers in the 1940s). They recognised that many problems can only be solved by interdisciplinary working, and sought to establish a common language and a shared set of principles for understanding the organisation of complex systems.

In many ways they were successful. Cybernetic concepts such as flow of information, control by feedback, adaptation, learning and self-organisation have permeated many disciplines, especially those concerned with natural and artificial complex systems. By the Sixties, there was conservative backlash against cybernetics. Many thought its claims too grandiose and did not share the vision of the need for a new synthesis. Some scientists played safe, borrowing the ideas but not using the name. Daughter disciplines have developed: artificial intelligence, systems science, cognitive science, the new sciences of chaos, complexity and artificial life. At times, the new disciplines have overshadowed or forgotten their parent.

Gordon Pask was, by nature, a transdisciplinary, holistic thinker. He always held true to Wiener's original vision and remained committed to cybernetics as a unifying discipline. His major work was the development of Conversation Theory, with applications in education (the two main works were *Conversation, Cognition and Learning*, 1975, and *Conversation Theory: applications in education and epistemology*, 1976). This grew out of his work with teaching machines. Pask conceived human-machine interaction as a form of conversation, a dynamical process, in which the participants learn about each other.

More recently, he worked on Interaction of Actors Theory, which takes a broader look at the dynamics of social systems. In true cybernetic spirit, he worked hard at building unifying bridges between the natural sciences, the social sciences and the humanities. He recognised common concerns with the discursive and interpretive practices that help form individual and cultural identities and that establish institutional practices as the norm. His wish was to develop a social cybernetics that would help combat

terrorism, oppression and social conflict. His vision was of a healthy society, in which there is unity without uniformity, love, peace and justice for all.

Pask was also much concerned with the role computers and the new information technologies can play in making positive contributions to our lives. He foresaw most of today's new developments decades ago. His book *Microworld* (published in 1982, and co-authored by Susan Curran) gives an accessible account of many of them. In particular, he looked to the day when all human knowledge would be located in self-organising, interactive, multimedia archives, with intelligent agents to support learning and access.

In his youth, Gordon Pask was a geologist and a theatrical producer. He painted and designed stage sets. He built special-purpose, electro-mechanical, chemical and biological computers. An early system, "Musicolour" (1953), drove an array of lights that adapted to a musician's performance. This was followed by Saki (1956), a "self-adaptive keyboard instructor". Saki was



Pask: the Cambridge scientist who never slept

the world's first adaptive teaching system to go into commercial production. His chemical computers, from 1958, were self-organising systems that grew their own sensors, primitive eyes and ears. Recently, workers in robotics have rediscovered and taken up his ideas in this area.

Later systems were even more sophisticated in their use of computers to aid teaching and training. Caste (1972) was a "course assembly system and tutorial environment", in which learners could, holistically or serially, work through complex bodies of knowledge. Thought-sticker (1974) helped you map your ideas and suggested novel combinations and perspectives. "Colloquy of Molecules" was a cybernetic sculpture in which automata "conversed". Armed with a mirror and a torch, a human spectator could join in.

In 1953, with Robin McKinnon-Wood, Pask founded System Research Ltd, a non-profit research organisation. For 30 years, he was the company's director of research, attracting funding from a wide range of agencies (including the United States Air Force, Ministry of Defence, Department of Education and Science and the Social Science Research Council). His research teams worked on skill acquisition, styles and strategies of learning, learning in groups, knowledge and task analysis, processes of design, decision-making, problem-solving and learning to learn.

By the 1960s Pask's many achievements and colourful personality had caught the attention of the popular press. He became known as "the Cambridge scientist who never

slept", because of his habit of working non-stop on problems once his interest was caught. His views were sought on a range of topics to do with the impact of computers and automation.

In 1969, he became Professor in the Department of Cybernetics, Brunel University. He attracted postgraduate students from many different parts of the world and involved himself wholeheartedly in their supervision. He was a gifted and inspiring teacher.

From 1974 to 1979, he was visiting Professor in the Open University's Institute of Educational Technology. With Brian Lewis and David Hawkrige, he helped define educational technology as a coherent discipline. He also acted as visiting professor in a number of other institutions: the Universities of Illinois and of Mexico; Georgia Institute of Technology; Old Dominion University, Norfolk, Virginia; Concordia University, Montreal; and, in the United Kingdom, the Architectural Association.

Pask travelled widely as an envoy for cybernetics. He helped build up the international community of cyberneticians, particularly in Europe, but also in North and South America and the Middle East.

In recent years, Pask fostered the so-called "new" or "second-order" cybernetics. Here, the observer himself, the one who distinguishes and analyses complex phenomena (cells, brains, societies), becomes the object of study. He was fascinated by the processes that take place amongst communities of observers (scientists, artists and other practitioners) as they establish and maintain shared world-views and shared ways of "coming to know". Pask's phrase for the processes of learning and discovery.

His brother Gar, a professor of anaesthetics, had died in the Second World War and Pask himself was a true patriot, who loved his country, and in particular London. In some ways, his dress and manner were from another era. He always wore a bow tie with his double-breasted suits. When out and about, he would dress in one of his many capes with a frog at the throat. He was a great admirer of Sherlock Holmes. One of his last works was a novel, *Flanagan Lowe*. The heroes are "consulting detectives", some of the main characters are ghosts. In an earlier lyric, he had written of life as a song that always returns, that has no beginning or end.

In his later years, inspired by his wife, Elizabeth, Gordon Pask became a Roman Catholic. This deeply satisfied his need for understandings that address the great mysteries of life that can unite and inspire us.

His death was not unexpected. He had been battling against serious and painful illness for some years. To the end, he continued to be productive, brave and cheerful. His power to inspire was evident throughout his working life. Pask was a very kind, polite, gentle, compassionate and generous human being.

Given his anticipation of the Internet, it is perhaps fitting that some of his friends are creating a Gordon Pask memorial website.

Bernard Scott

Gordon Pask, cybernetician, born Derby 28 June 1928; Professor of Cybernetics, Brunel University 1969-96; married 1956 Elizabeth Poole (two daughters); died London 29 March 1996.



An alternative to the mindlessness, the irrationality, the unnecessary of sprawl and clutter: Rouse, inventor of the shopping mall, at Harborplace, Baltimore, in 1979

James Rouse

James Rouse was a visionary of urban renewal who developed the world's first shopping mall in Baltimore, built new towns in the US countryside and used the profits to help generate housing for the poor. An anomaly among developers, he passionately believed in the social benefit of his projects and his innovations forced the reappraisal of suburban growth and inner city organisation.

His most famous development was Columbia, a new town built on 14,000 acres of farmland outside Baltimore in the late Sixties. Based on the concept of racial and economic diversity and intended as a response to the chaotic post-war development of American cities, it was built as a self-contained community organised around nine small "villages", each containing several hundred houses and its own small shopping area. It now has 80,000 residents.

"It's not an attempt at a perfect city or Utopia, but rather an effort to simply develop a better city, an alternative to the mindlessness, the irrationality, the unnecessary of sprawl and clutter as a way of accommodating growth of the American city," he said in 1982.

He made it clear that aesthetics were never the driving force in his design and it was his near-obsessive observation of social patterns which led to many of his innovations. He would watch people walk on the streets, and shop and socialise in public places, and attempted to fashion his designs to promote rather than discourage interaction.

The son of a prosperous canned-foods broker, Rouse was taught to work hard, rising at dawn to tend the family vegetable garden. In 1930 his father died leaving the family of five children with so many debts that the family house had to be sold.

He attended the University of Virginia until 1933 when the Great Depression forced him to work full-time and continue his degree in law by studying at night.

His first job was parking cars in a downtown Baltimore garage. He began his career in

1936 at a branch of Maryland mortgage office which he ran until 1939 before leaving to start his own firm, Moss-Rouse Company, financing single family homes.

After the Second World War, which he served out as a lieutenant-commander in the Naval Air Reserve in the Pacific, he expanded his business to finance shopping centres. By the late 1950s, Rouse was using his profits to develop the nation's first enclosed shopping centre - Mondawmin Mall in Baltimore - coining the term "shopping mall", and thus created the multi-storey mall and food court.

In the 1970s, Rouse, described as an easy-going man with a rumpled appearance, who lived in a house overlooking one of Columbia's man-made lakes, turned his attention to the inner cities which had been largely written off for commercial potential by developers.

He envisioned the marriage of the suburban mall with the more vibrant life of a city street in self-contained areas he termed "festival marketplaces".

The first, the Faneuil Hall area in Boston, proved to be exactly what tourists and shoppers craved - a comforting ideal of a town square in the centre of an unfamiliar city.

Though critics charged that the development was too cut off from city life, Faneuil was credited with the renewal of Boston's waterfront, which soon led to the development of similar projects from Baltimore, Philadelphia and the South Street Seaport in New York to Sydney, Australia.

Throughout his career as head of the Rouse Company, one of America's most successful property development companies, he sought not just to make profits but to improve the quality of civic life.

After retirement in 1979 he began what he called "by far the most important work" of his life. The Enterprise Foundation he established sought to provide people with low incomes with good, affordable housing and the opportunity to lift themselves out of poverty into the mainstream of American life.

By 1994 the foundation had

granted \$1.7bn in loans and grants to develop more than 61,000 homes for low-income people and had expanded its charter to organise training programmes, crime-prevention efforts and health-care. He held that helping neighbourhoods recover from years of neglect was not only a moral imperative but cheaper in the long run. "It's not enough to provide housing," Rouse said in 1991. "It's necessary to transform the neighbourhoods themselves."

In presenting Rouse with the nation's highest civilian honour, the Presidential Medal of Freedom, last year President Bill Clinton hailed him as an American hero who helped "heal the torn-out heart" of America's cities. "James Rouse's life has been defined by faith in the American spirit," he said.

Edward Helms

James Wilson Rouse, property developer, born Easton, Maryland 26 April 1914; married 1941 Elizabeth Winstead (one daughter, two sons); 1974 Patricia Traugott; died Columbia Maryland 9 April 1996.

Audrey Nicholson



Nicholson: go-between

Audrey Nicholson was a passionate Yorkshirewoman. She was passionate about her profession, school-teaching. She was passionate about poetry and poets. She was passionate about cricket, especially her own county, and was absolutely delighted to discover that I had played (school) cricket against Mike Brearley, the son of Horace Brearley, who had himself played cricket for Yorkshire. Another Yorkshireman, the Poet Laureate, Ted Hughes, delighted her by sending a couple of bottles of sherry from the huge consignment he was given around the time he met the Queen of Spain.

Her extended family was the community of poets she befriended and supported. These included Ann Beresford and Michael Hamburger, Judi Benson and Ken Smith, Peter Porter and Alan Brownjohn, Eddie Linden and Gavin Ewart, and their respective circles. She did an immense number of chores for several friends, for example the blind poet John Heath-Stubbs, whose amanuensis she was for a long time, and you could always rely on her

to turn up (with or without retinue) at a book launch or poetry reading - one more person could make a 10-per-cent difference to the audience on some occasions. And all for love. The life of the spirit, the life of the mind, was her ether. But other-worldly she was not. Another practical trait which endeared her to small press publishers was her determination to promote poetry. She put her money where her mouth was. Out of her limited disposable income, Audrey Nicholson, who lived very simply

in east London, would order several copies of many books brought out by small presses, such as my own Menard Press, and give them to members of her large circle as presents - having often arranged for the author to sign the book. Small press books can be unusual, beautiful, and good value for money; she had the discrimination to understand this, the passion to do something about it, and the generosity to deliver (via the postman).

The poetry gifts were intended to inform and educate, as well as give pleasure. In her other life, as a schoolteacher in Dagenham and elsewhere, she would take children, in her own time and at her own expense, to theatres and concerts. Many of her friends received appropriate newspaper clippings, always with an affectionate message scribbled on the hoof. To mark birthdays or examination successes, she would send my son, and other teenagers, second-hand cricket bats, like a favourite aunt, which she effectively was for many young people.

She was one of nature's go-

between, always seeking to bring like-minded or like-spirited people together, not least at her annual poets' cricket match where, for example, that unlikely cricket-lover, the brilliant American surrealist prose poet Marvin Cohen, never gave the impression he was confusing our national sport with hashish.

She had been engaged to be married. Before, during and after the engagement, her devotion and love never ceased being directed towards her family and her many friends - and she was the virtual mother to her great-niece, Joanne (the only child present at the funeral), whose own mother had died tragically young. Audrey Nicholson undoubtedly had a great need to please, to give pleasure. On occasion this might embarrass the recipient who could never, in the nature of the contract, reciprocate to the same extent. But most of the time her generosity, innate, gracious and never-ending, was a source of wonder and a cause for gratitude.

She was a good soul, a gentle neshuma - as her prematurely

deceased friend A.C. Jaco would have said in Yiddish: hope I was not typical in son times taking her for granted. I like to think that she knew I held in the poetry world. She held before she died she asked the latest cricket score. It mooted point whether poet; cricket mattered more. Now can argue the point (point?) with Gavin Ewart. Here is an unpublished "Classical Poem dedicated Audrey Nicholson" by G Ewart:

Here it comes, with love, to / This is her very last reward / For years of friendship and wit / A serious poem where the ris / Must remind of olden times / of wit and wonder, as they / Orion, classical, huge and / This was the price, this was / Of rapt of nymphs, in and /

Anthony Oll

Audrey Nicholson, poet, teacher, born Rotherham, Yorkshire 15 July 1924; died London 1 March 1996.

Peter Hollinson



Hollinson: Wales on Sunday

Peter Hollinson was a journalist of the old school, a fraternity which is diminishing with age. His many talents, ranging from work on the stone to motivating hard-working reporters, were at the heart of a significant breakthrough in provincial newspaper publishing - the emergence of a Sunday title

which truly reflects the people and places it serves.

The launch of *Wales on Sunday* in 1989 was a brave venture not without risk, because of competition from national titles. As assistant editor Hollinson was at the sharp end and his successful efforts led to his appointment as Editor in 1991.

Under his leadership, the circulation of the Cardiff-based paper climbed steadily from worryingly low figures and now stands at more than 65,000. Many of the 30-odd awards won by the paper owe much to his skills and dedication.

The paper is a stablemate of the *Western Mail* and the *South*

Wales Echo, the three former Thomson regional newspaper titles owned since last year by Trinity International.

Hollinson came into journalism at the age of 17 with three O levels. He was a trainee on the *Bolton Evening News*, and stints on the sub-editors' desks of the *Daily Mail* in Manchester

and on the *Sun* in London led to a succession of production posts culminating in the demanding role of chief sub-editor on the *Sunday Mirror*, his last job before moving to Cardiff to launch *Wales on Sunday*.

He was brought up in the days of hot-metal setting, an apprenticeship cherished by many

journalists. However he made the transition to computer technology with consummate ease.

Hollinson's hard work and enthusiasm at *Wales on Sunday* won the affection of his staff. Following his untimely death after a long battle against cancer, the broadcaster John Humphreys, who once worked on the

Western Mail, said: him: "Peter Hollinson was a rare combination of a (ch) journalist with a very human side."

Tr Health

Peter Hollinson, journalist, born 24 May 1945; married Candy Clegg (two daughters); died Cardiff 8 April 1996.

Births, Marriages & Deaths

DEATHS

BALLARD, E. Desmond, died 6 April 1996. Much-loved husband of Edna and loving father of Paul and Julian. Funeral at St Paul's URC, South Croydon, on Monday 15 April 1996, at 11.15am. Family flowers only, donations to Christian Aid.

Announcements for the Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned to 0171-293 2011 or faxed to 0171-293 2010, and are charged at 80p a line (VAT extra).

Forthcoming marriages

Mr N. Donaldson and Miss S. Staughton
The engagement is announced between Niall, son of Mr and Mrs Ian Donaldson, of Auchtermuchty, Perthshire, and Sarah, younger daughter of Sir Christopher and Lady Staughton, of Sarat, Hertfordshire.

Birthdays

Mr Alan Aychbourn, playwright, 57; Mr Raymond Barne, economist and politician, 72; Mr Ian Butler, former chairman, Coulson Group, 71; Miss Monserat Caballé, operatic singer, 63; Mr David Cassidy, singer, 47; Mr

Brian Connell, writer and broadcaster, 80; Miss Elsie Gray, actress, 67; Mr Lionel Hampton, bandleader, 83; Mr Harry Hewitt, former chairman, Johnson Matthey, 76; The Right Rev John Hughes, former Bishop of Croydon, 88; Mr Uwe Kitzinger, former President, Templeton College, Oxford, 68; Mr Hardy Kruger, actor, 68; The Earl of Linerick, chairman, Pirelli UK, 66; Mr Alfred Maths, architect, 75; Mr Bryan Magee, writer, 66; Air Marshal Sir Harold Maguire, 84; Mr Eric Meade, chartered accountant, 73; Miss Ann Miller, actress and singer, 73; Mr George Robertson, 70; Mr Wendy Savage, obstetrician and gynaecologist, 61; Dr Kennedy Simmonds, prime minister, St Kitts-Nevis, 60; Miss Jane Withers, actress, 70.

Anniversaries

Births: Edward Bird, painter, 1772; John George Lambton, first Earl of Durham, Governor-General of Canada, 1792; Aleksandr Nikolyevich Ostrovsky, playwright, 1823; Edmund Audran, composer, 1840; James Louis Garvin, newspaper editor, 1868; Bobby Moore, footballer, 1941. Deaths: Niccolò Amati, violin-maker, 1634; Kaspar Merian, engraver, 1686; William Kent, landscape gardener and architect, 1748; Dr Charles Burney, organist and music historian, 1814; Franklin Delano Roosevelt, 32nd US president, 1945; Antoine Pomeroy, sculptor and painter, 1963; Josephine Baker, singer, 1975; Joe Louis (Joseph Louis Barrow), heavyweight boxer, 1981; Desmond Bagley, novelist, 1983. On this day: the Union

Jack (Union Flag) was first adopted in England, 1606; the *Titler* was first published, 1709; Napoleon Bonaparte defeated the Austrians and Sardinians at the Battle of Montevideo, 1796; the American Civil War began at the siege of Fort Sumter, South Carolina, 1861; the first manned space flight was made by the Russian cosmonaut Yuri Gagarin, 1961; the Columbia Space Shuttle went into space, completing its mission two days later, 1981. Today is the Feast Day of St Ailbertus, St Julius I, pope, St Salvus the Goth and Others and St Zeno of Verona.

Lectures

National Gallery: Colin Wiggins, "Innocents Abroad (1): Guernica and Saratraz", 1pm.

Victoria and Albert Museum: Gilly H. Greville talks about her work, 2.30pm.
Tate Gallery: Richard Kendall, "De-ga's Cézanne", 1pm.

Church appointments

The following appointments have been announced by the Church of England:
The Rev Richard Ardill, Curate, St Augustine, Brompton, London: to be Vicar, St Michael and All Angels, Wilmington (Rochester).
The Rev Paul Bagshaw, Assistant Curate, St Mary Magdalene, Newark, Newark Team Ministry: to be Priest-in-charge, All Hallows, Duffell and St Albans, Rotherham (Southwell).
The Rev Andrew Dawdell, Curate, All Saints, Chiddall (Liverpool): to be Curate, St Andrew, Liscard (Blackburn).

The Rev Graham Dodds, Rector, Bath Wells: to be Lay Training Adviser and Director of Reader Studies (Bath and Wells).
The Rev Ian Gooding, Assistant Curate, the Dorset Church, Swindon (Bristol): to be Team Vicar, Langley Marsh, Team Ministry, with responsibility for St Francis (Oxford).
The Rev Clive Herbert: to be Assistant Curate, St Martin in the Fields (London).
The Rev Tony Jones, Vicar, St James, New Brighton, Walsley: to be Rector, Holy Trinity, Telford (Blackburn).
The Rev Duncan Lloyd-Jones, Curate, Christ Church, St Leonards-on-Sea, new Curate, Rotherham (Blackburn).
The Rev Andrew Manson-Beaumont, Curate, Tiverton (Blackburn): to be Vicar, St George, Brighton (Chichester).
The Rev James Rhodes-Wrigley, new Curate (NSM), Woking with Rushdown (Woking) (Chichester).
The Rev Elio, Rector, Vicar, Woodhouse, Wokingham with St Peter and St Paul, Maidenhead (Canterbury).
The Rev John Sanders, Priest-in-charge, St Bridget, Waverley: to be also Priest-in-charge, St Thomas, Waverley (Liverpool).

The Rev Richard Thom now Curate (NSM), Sturton and Fording.
The Rev Nigel Vennings, Rector, Stapleford: to be also Rural Dean of Tilton (Bath and Wells).
The Rev Penny West, Vicar, Kenilworth and Wick St Lawrence: to be a Prebendary of Wells Cathedral (Bath and Wells).
The Rev Mark Wicks, Parish Dean (NSM), Uddingston (Chichester).
The Rev Keith Wood, Vicar, St John the Divine, West Wokingham: to be Rector, Wokingham and Liphinstan (Chichester).
The Rev Robert Wright, Canon, St Mary, Portsmouth (Portsmouth): to be an Honorary Canon of Portsmouth Cathedral.

Changing of the Guard

The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am. The Battalion Welsh Guards mounts the Queen's Guard at Buckingham Palace 11.30am, band provided by the Grenadier Guards.

April 20 1996

THE INDEPENDENT

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Mr Blair goes to Washington

Last night cocktails in Georgetown: Today a photo call on the White House lawn. Tony Blair could offer his opponents a master class in political campanology. From religion to Wall Street he has been ringing the 'tories' bells. Now he visits the Oval Office to summon up another vision of responsible power-in-waiting. Funds are safe with Labour; defence is safe with Labour; the Atlantic partnership is safe with Labour.

This was a trip - Mr Blair's first official visit to the United States - that had to be made. Several birds have been killed in a single visit. The connection - rather spurious, truth to tell - between the Clinton Democrats and new Labour is affirmed. More important, Tony Blair has anticipated a flight of capital amid market turmoil after a Labour victory by addressing the likes of George Soros. During the visit he gets assessed by the spooks and the joint chiefs, for Britain is still the principal nuclear partner of the United States and Tony Blair's finger may soon be near what is left of the button. It is hard to see, on all these counts, how his performance could have been better.

He has used the visit deftly to pour messages home aimed squarely at the Tory heartland of middle-Britain. While he is in the US making friends with an administration that has at best a formal relationship with Mr Major and his team, Mr Blair has the temerity to use the trip to march further into Tory territory. It marks a return to fully confident form after the uncertainty that crept into his performance after the Harriet Harman-school choice affair.

On top of fiscal moderation and party modernisation we have a pitch to the middle managers of middle Britain. This was Mr Blair's domestic audience: not well paid but with some of their income taxed at the top rate, their ranks include some

teachers and police officers. Without making any specific pledges Mr Blair is attempting to identify with middle Britain's concerns and aspirations. He is undeniably effective. Labour's opponents are kept off balance and the party gains time to build a reputation for respectability and trustworthiness before it unveils any specific pledges or proposals on tax that might frighten off the middle classes.

It was significant that Mr Blair chose to do all this in the US, a further signal of Labour's acceptance of the tradition of the Atlantic alliance. It is a rite of passage that aspirant prime ministers have to go through and which Neil Kinnock, for one, failed. Yet if there was one shadow over his triumphant progress through the corridors of power on the east coast it was this: why has he not done something similar in Bonn, Brussels and Paris?

If Labour is a truly modernising party then it must modernise Britain's view of its role in the world. That can only mean one thing: to find a more settled and productive role within Europe. A trip to the US is important. It is not just theatre. But working out our relations with Europe is far more difficult and far more important in the long run. Finance ministers sit down today together in Verona for further difficult talks on a European single currency, the subject that would surely dominate the middle years of a Blair administration. Yet on this issue Labour still holds its tongue.

Britain's future is European. A future leader of Britain with progressive inclinations ought, to be sure, to make his peace with the US and its capital markets. But his heart and mind ought long since to have been absorbed by Britain's stake in the European project for union and integration. A visit to Washington is the easy part; his trips to Bonn, Paris and Brussels will be less showbusiness and much bolder.

Time to get tough with Gibraltar

The outgoing Spanish Prime Minister, Felipe Gonzalez, once called Gibraltar "a stone in Spain's shoe". This vivid image contains an essential truth that has been brought out once again this week by a deplorable incident involving the gangs of smugglers who operate around Morocco, Gibraltar and the southern coast of Spain.

A Spanish Civil Guard policeman was killed after his helicopter crashed into the sea while it was chasing a Gibraltar-registered speedboat with three suspected smugglers on board. One of the trio, who was later arrested, is a Gibraltar resident. About half a tonne of hashish, destined for Spain, was found on his boat.

If, as seems likely, it is established that the helicopter crashed because it was fired on from the speedboat, a situation may arise in which a drug-trafficking resident of a British crown colony, claimed by Madrid as Spanish territory, is charged with the murder of a Spanish policeman. This will obviously inflict damage on Britain's relations with Spain, a major European Union partner, at just the time when this country badly needs a better image in the EU.

The rights and wrongs of Britain's disputed sovereignty over Gibraltar are not the central issue. The immediate question is why Gibraltar's chief minister, Joe Bossano, and his government are failing to suppress the tobacco and drug-smuggling gangs that are poisoning British-Spanish relations.

Only last summer the then Foreign Secretary, Douglas Hurd, had to crack the whip and warn Mr Bossano that Britain might impose measures leading to direct rule of Gibraltar unless the local government got tough with the smugglers. For a while, it appeared that Mr Bossano had taken the message to heart. The authorities confiscated all but 12 of the 64 fast launches operating out of Gibraltar's harbour. The smuggling problem became less acute, and Spanish officials privately made clear their pleasure with what looked like decisive action instigated by John Major's government.

It seems now we are back to square one. The smugglers are regaining their confidence, and the Gibraltar government appears at a loss what to do. It is not entirely the fault of Mr Bossano and his colleagues. They should certainly do more to stamp out the drug-trafficking from Morocco, but they face a genuine dilemma: the health of Gibraltar's economy is intimately connected with the activities of smugglers, especially of tobacco.

The answer must be for the government in London, be it Tory or Labour, to take firm steps over the next few years to help the Gibraltar authorities clamp down on drug-trafficking and clean up the local economy. Britain's relations with Spain must not be held hostage to criminal gangs. The first step must be for London to reiterate and if necessary implement the threats of intervention that it made last year.



'It's just that we can't find anybody who doesn't have a grudge against the bank'

LETTERS TO THE EDITOR

Taxpayers should be happy to subsidise the unemployed

Sir: I could not agree more with John Philpott that there is a need "for a grown-up debate on solutions to mass unemployment" (9 April). However, the solution he

prefers of subsidising jobs for the long-term unemployed does not come near to addressing the long-term problem: the technological revolution is destroying jobs; increasing globalisation means that a growing percentage of work that remains will find its way to low-wage economies.

It is now sadly clear that the vision we had some decades ago of a four-day week and more leisure time for all is a myth only realisable in a benevolent dictatorship - in practice there will be an increasing number working for long hours and little pay servicing the few who are also working long hours, but for a lot of pay.

But even with growing wealth there will not be enough service jobs for all. We need to change our attitude to employment. Instead of despising those who do not want to work, should we not be grateful that there are some who are happy to lead their life without it?

Should we not be encouraging the "drop-outs"? Be happy that they are willing to live on a min-

imum income, and not begrudge the fact that, as taxpayers, we are subsidising them?

JANET FALLISH
London SW13

Sir: John Philpott and the Employment Policy Institute have been offering sane solutions to the problem of unemployment for a decade and a half, so far with limited success. Even so, we need more than just the expansion of schemes for the long-term unemployed, valuable as they are.

Dr Philpott presents job creation subsidies and work-sharing measures as alternatives. The Gli Amici group of personnel professionals sees them as complementary measures. A job creation subsidy, paid to existing employers in the private and public sectors, would be paid for additional jobs. This would be for extra jobs, not for taking on only the long-term unemployed.

These additional jobs could be created by expanding business, but they could also be created by work-sharing measures. Technological advance ought to give working people the benefit of more leisure, but at the moment we do not share leisure equitably: we give it all to the unemployed,

who would much prefer to have less of it.

At present, the whole emphasis is on the short-term gains to be had from redundancies and other cost-cutting measures. This, merely transfers the problem from the company to the state. It should only be the last resort of any company which has any regard for the long-term interests of the community. We need a new emphasis on expanding activities to make productive use of surplus employees and on sharing the gains from technological advance.

DAVID BELL
Ware, Hertfordshire

Sir: John Philpott's excellent article gives credit to the late Professor James Meade's economic view that demand should be sustained in the economy to ensure full employment. But he fails to tell his readers that Meade also consistently argued for the introduction of a Citizen's Income (or social dividend) which Philpott dismisses.

Indeed, in a pamphlet *Fifteen Propositions* (published in 1993 by The Employment Policy Institute of which Mr Philpott is director), Meade saw a Citizen's Income serving three purposes:

(1) It relieves poverty by guar-

anteeing for every citizen a sufficient Minimum Acceptable Level of income. (2) It does so without destroying incentives to work if it is not withdrawn as the citizen earns other income. (3) It provides a universal supplement to earnings which is aimed at justifying any restriction of rates of pay which is needed to ensure full employment.

Professor Meade added: "... the necessary condition for the implied downward flexibility in wage rates is the provision of some alternative source of stable income for all citizens which does not depend on the amount of work done."

Quite rightly, Mr Philpott dismisses some of the more specious policies which are now advocated for mass unemployment. There will inevitably be a "cost" for a return to full employment. But it is not without significance that Meade consistently argued the case for a Citizen's Income. Indeed, in his last book *Full Employment Revisited?* published just before his death, he had again returned to the argument.

RICHARD CLEMENTS
Director
Citizen's Income Trust
London WC2

Fighting for the CPS

Sir: Polly Toynbee ("Barristers: a law unto themselves", 10 April) doubts my commitment to achieving rights of audience for CPS lawyers in the higher courts.

On the day that I was appointed Director of Public Prosecutions in April 1992, I said in my first public statement that "I will continue to fight vigorously for rights of audience for CPS lawyers. After all, I have lost my own rights of audience." My views were widely reported and are certainly familiar to all in the legal profession.

Neither my views nor my commitment to achieving those rights have altered. I have put my case at every suitable opportunity, including written and oral submissions to the Lord Chancellor's Advisory Committee on Legal Education and Conduct on several occasions, and I shall continue to do so.

BARBARA MILLS, QC
Director of Public Prosecutions
Head of the Crown Prosecution Service
London EC4

Sir: I congratulate Polly Toynbee in exposing the restrictive practices which continue to protect the Bar and shield it from healthy competition.

The most significant beneficiaries of these practices are the QCs themselves. Once a year, after a mysterious process of consultation, the Lord Chancellor, a barrister and QC, appoint about 60 barristers to the position of Queen's Counsel. This enables those lucky individuals to double or treble their income often for undertaking less work. This is simply because by tradition the Bar and the judiciary insist that QCs are instructed in the most complex or weighty cases. The whole system is no more than the manipulation of a market which ensures that the supply of senior barristers does not exceed the demand for their services.

If their inflated fees were funded solely by wealthy litigants then it would not pettish be a matter for public concern. However that is not the case: more often than not their fees are funded by the public purse, either through the legal aid system or by the Crown Prosecution Service. If this "Spanish Practice" were to exist in any other industry it would have been outlawed long ago.

ANGUS ANDREW
Senior Partner
Osborne Solicitors
London NW1

Away with the AA

Sir: I assume that John Coe (Letters, 10 April) does not belong to the AA. However, there may well be those who do and who agree with him about not having any means of influencing that organisation's pronouncements. There is an alternative: join another motoring organisation that sticks to its "proper function of helping motorists in trouble".

EDWARD GYON
Shepperton
Middlesex

Northward bound

Sir: Would your correspondent (10 April) not have a better view of the world - and maps - if he drove not up and down from Scotland to Hampshire but south and north?

RAYMOND COOPER
Ludwell, Dorset

Supporting the rule of law at Newbury

Sir: The anti-road protesters have not only lost direction in their "Third Battle of Newbury" - they chose completely the wrong site for their protest (leading article, 5 April).

The case for the bypass is overwhelming: the congestion on the A34 at Newbury is the one obstacle to a clear run from Scotland to the south of Spain. It is not just the people of Newbury who want the bypass, in order to reduce pollution in the area and ease local traffic problems, but all those who use this major route.

What is most alarming about the whole sorry affair is that by employing a full-time organiser and with the ability to use all the modern methods of communication, a small group can so rapidly promote a campaign against a

project supported by all parties, local and national, which resulted from 14 years of consultation, inquiry and investigation according to true democratic process. Are we to be ruled by government and law or by the outcome of a conflict between professional protesters on the one hand and hired security guards on the other, a conflict promoted by the exploitation of the media by a single issue group?

While regretful of the extra cost caused by the protesters, we should all be thankful that under the cheerful, firm and courteous direction of the Under-Sheriff of Berkshire the first stage of the bypass has been successfully completed.

Mrs MARY E C RICH
Thatcham, Berkshire

The value of religion in political life

Sir: All Western religious people - Jews, Christians, Muslims - are called to serve in politics, and they know full well they can never live up to their founders' ideals ("Anyone can play Bible games", 8 April). That should not stop them from getting their hands dirty and this happens to professional religionists just as much. Instead of your perfectist carping, they need our understanding.

But even worse is your assumption that Tony Blair shouldn't play the Christian card because of "the majority who are young, faithless and sceptical". Even

that can be statistically challenged - 50 per cent of society believe in the resurrection of Christ but the main point is that it is good to see where our politicians are coming from, and it is great to find anyone willing from any party to try to relate the best in Western religion to political life. Without that we are faced with a moral vacuum and political vacuousness.

The Rev CHARLES BROCK
Director of Ministerial Training and Chaplain
Mansfield College
Oxford

Queries for Clwyd insurers

Sir: It is not clear exactly what Clwyd County Council's insurers objections to the council publishing the independent report into its children's homes are (report, 5 April).

Do the insurers claim that publishing it would breach the terms of the insurance contract, and so invalidate any claim connected with the contents? If so, cannot the council go to the courts and seek a declaratory judgment on this point? I find it difficult to imagine a court holding that the act of being open and honest could invalidate an otherwise legitimate claim. Or are the insurers saying "publish this and we will not insure you again?"

K HAGGETT
Sheffield

True humanity

Sir: I know that I can rely on the *Independent*. Thank you for publishing Fergal Keane's letters to his father and son (9 April). It is so rare to get a true piece of humanity in a world that so often just seems to spin faster and become more cruel and harder to bear.

KENNEDY WILSON
Edinburgh

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

Life and death on the open road

Sir: On Good Friday, faced with the inevitable grid-lock on the M25, M1, A1 and M6, my partner and I drove the length of England on two and three digit A roads and B roads. It took (possibly) longer than using the arterial system but en route we enjoyed wonderful countryside, pretty villages, interesting towns, friendly pubs and clean, efficient Little Chicks. There was hardly any congestion, we were relaxed and thoroughly relished the feeling of explorer - reliving those halcyon days of open-road motoring.

If you have the time, and don't have a caravan, stay away from the jams and enjoy our country.

NICHOLAS GREGORY
Haywards Heath,
West Sussex

Sir: Spring is celebrated in poetry, prose and cliché as a time for new life. However, as can be seen from walking down many roads in our countryside, it seems to be better described as a time of death and destruction.

Every morning, on quiet roads, many residential, in and around any country town can be found hundreds of corpses of badgers, stoats, rabbits, frogs and loads, all exterminated by cars.

With a little more care from motorists I am sure that this annual slaughter of our native wildlife could be curbed.

GEORGETTE IRONSIDE
Hertford

Backed up by the letter of the law

Today we have the final extract from the current High Court trial in which Mr Sidney Delba stands accused of leaving his car for more than two years in a parking space marked "DISABLED ONLY", thus incurring over 6,000 separate, finable offences. He has pleaded not guilty owing to dyslexia. Nobody in the court has the faintest idea what he is talking about.



MILES KINGSTON

Counsel: May I first apologise for the lateness of my arrival in court this afternoon, my lord....

Judge: Do you have an excuse?

Counsel: Yes. There was a car parked in my reserved space. A blue BMW....

Defendant: I think that must have been mine.

Counsel: The space is clearly marked "Reserved".

Defendant: It did not say who it was reserved for. I thought there was a chance it might be for me.

Judge: May we please get on with this case as fast as possible? I have a weekly appointment with my masseuse and correction teacher at 6 pm....

Counsel: Yes, my lord. Now, Mr Sidney Delba, we have come to the moment when at last you will tell the court how you justly leaving your car for two years in a space clearly marked "DIS-

ABLED ONLY". You have said that

it was all due to dyslexia. Will you tell us how?

Defendant: Certainly. My dyslexic handicap takes the form of a tendency to reverse letters, or groups of letters.

Counsel: You mean, if I had an OBE, you would think I had an EBO?

Defendant: Yes. Of course, this does not matter so much in France....

Counsel: I beg your pardon?

Defendant: The French have a tendency to reverse their initials anyway. The Communist Party in France is the Parti Communiste, which shortens to the PC, which is the opposite of our CP. What we call Nato is known in France as Otan. My form of dyslexia tends to turn that back to front, so I read the French word Otan as Nato.

Judge: I fail to see what this has got to do with parking in a space reserved for disabled people.

Defendant: Everything, my lord. You see, if you reverse my first name Sid,

you get Dis. If you reverse my surname, Delba, you get Abled. Therefore, on account of my disability, I am condemned to read the word Disabled as my own name. Therefore, when I see a sign seeing DISABLED, whereas the rest of you read this as DISABLED, I read it as SID DELBA and I feel I have to park there.

Judge: Good heavens. How extraordinary. Is that really true? Let me spell your name backwards.... Yes.... Dis Abled.... Sid Delba.... Just a moment.

Defendant: Yes, my lord?

Judge: What about signs that read DISABLED ONLY, like the one where you left your car for two years?

Presumably you read ONLY backwards too?

Defendant: Yes, I do.

Judge: So what did you make of the word YLNO? When it said, to your dyslexic eyes, YLNO SID DELBA, what did you think YLNO meant?

Defendant: I assumed it was some meaningless Welsh word, my lord, or perhaps the initials of some organisation unknown to me.

Judge: Nonsense! What could YLNO possibly stand for?

Defendant: Well, perhaps for Young Liberals Numismatic Organisation. Or for the Yachting League Nord-Ouest. Or maybe something Jewish....

Judge: Jewish? Defendant: Perhaps the Yiddish Language Normalisation Office.

Judge: Never mind about that! I want to come back to your name, Mr Delba. I just find it a very remarkable coincidence that your name is Disabled spelt back to front. A VERY remarkable coincidence indeed. Was it not lucky that you received this name at birth?

Defendant: This was not my name to begin with, my lord. I changed my name five years ago.

Counsel: Aha! You changed your name to Sid Delba by deed poll!

Defendant: Yes.

Counsel: From what?

Defendant: Previously my name had been Mr de Vreaser.

Judge: De Vreaser? Is that a sort of Dutch name?

Defendant: Sort of, my lord.

Judge: But it also spells "Reserved" backwards, does it not?

Defendant: I believe it does.

Judge: So you went through a period of your life when you could park in spaces marked Reserved, claiming that because of your dyslexia you had read it as your name?

Defendant: Well, yes....

The case continues, though not you will be glad to hear, in this space.

April 12 1996

Why Britain would fare better on the fringe

As ministers meet to discuss monetary union, a parallel, less benign agenda is emerging

The gentlemen (and women) of Verona meet today to discuss the future relationship between the "ins" and "outs" of European Monetary Union. It is billed as an informal meeting of the EU finance ministers and central bank governors to talk about ideas rather than make decisions, but in the run-up it has already been presented with headlines such as "Clarke's new euro battle" and "Britain faces ERM threat". Even allowing for headline-writers' hyperbole, zuzumut is clearly up.

There are, I think, two stories running in parallel. The first concerns the practical need for the planners at the European Monetary Institute, Europe's embryonic central bank, to think about the relationship between countries that will sign up for a common currency and those that will not.

The EMI itself will have both groups as members, for it is a body set up by all EU countries and no one is suggesting that all its members would participate in the single currency on day one. So inevitably, assuming that the single currency does go ahead, there will be one set of EMI members that will be subject to its monetary decisions and another that will not. All sorts of questions arise, most obviously, whether the outsiders should have any role in forming EMI policy

at all, and whether the EMI should have any role in forming the outsiders' monetary policy. In put it at its lowest, it would be helpful to have a reasonable degree of co-operation between the two groups of members: currency and interest-rate instability is in no one's interests.

But there is another and less agreeable tale, which those headlines reflect. It is the extent to which the outsiders can be compelled to run similar economic and monetary policies to the insiders, so that the countries which have retained their own currencies do not gain any competitive advantage by being able to devalue against the euro. In its most extreme form, the case has been made for imposing trade sanctions against countries that deliberately devalue their currencies in this way.

This raises a real possibility that a country such as Britain, which chose to retain its own currency and which did not agree to follow the monetary and fiscal policies decided by the EMI, might be faced with a set of circumstances that made it difficult to remain within the European Union.

At the moment that possibility

might seem remote. But if the discussions this weekend head in the less benign of the two directions noted above, both this government and the opposition should be doing some contingency planning. We are talking about a set of institutional changes that will, on present schedules, take place during the life of the next British parliament. So to look at the sums to see the pluses and the minuses in terms of Britain's economic self-interest of remaining or not remaining within the EU, is not at all to argue the case for leaving. Rather it is to say that it is irresponsible of governments – and serious-minded oppositions – not to consider possibilities which they hope will not occur, but which must be recognised as real.

Put it this way: the possibility of British manufactured exports facing trade barriers in Europe at some time in the next five years must be at least as large as the possibility in 1991 that British beef exports would be completely banned from the European market this year.

So how do the numbers stack up? There are three main areas: the UK's budgetary position with the



HAMISH McRAE

Britain has been the largest recipient of inward investment

EU; our present trade relations; and the dynamic impact on the shape of the UK economy.

The first set of sums are easy. Britain's taxpayers pay each year rather more than £2bn to cover the cost of running the EU bureaucracy and to give to other EU member countries. On an annual basis that is not enormous – it is equivalent to a penny on income tax, or all the revenue from vehicle excise duty, but it adds up. A quick tally of the total net

payment to Brussels since 1984 comes to £19bn. Not only would that money be available either to cut taxes or increase public spending here, but because we have paid it overseas our foreign assets would be higher than they are at present, and so we would have a larger flow of income from those assets.

A further balance of payments advantage would be that Britain could buy food imports at world prices rather than at EU prices, so both our import bill and our food prices would be lower. It is difficult to put a quick number on the saving, and UK farmers would presumably still require similar subsidies to those they receive as part of the common agricultural policy, but there is no doubt that UK food prices would be lower, closer to those of, say, the US or Australia than to, say, France.

If this first effect of leaving the EU would be wholly positive, the same cannot be said for the other two. It is perfectly possible to export into the EU from outside in Europe: Sweden and Austria have done so very successfully, and Switzerland has and will continue to do so. Trade is protected under the Gatt and the

small tariffs that might be imposed would hardly be significant. In any case the EU has a visible trade surplus with Britain running at around £4bn a year: we are a better export market for them than they are for us. So it would be unwise of EU countries to jeopardise access to the British market by imposing trade barriers on British exports to the EU. Reason would dictate that the free transfer of goods should continue.

Nevertheless it would be naïve to suppose that things would go on just as before. There would not be any immediate trade catastrophe, despite the fact that more than half our physical exports go to the EU, but there would be longer-term costs. In particular inward investment into the UK would be threatened. Over the last decade Britain has been the largest recipient in the EU of inward investment, with nearly 40 per cent of the total. Still, France has recently overtaken the UK, which shows that this position as Europe's favourite base for new manufacturing enterprises is by no means secure. Losing inward investment would be deeply damaging, for

it brings expertise and access to markets as well as funds.

It is this final effect, the dynamic impact on commercial confidence, that should worry a future government most. The greater the hostility surrounding the election, or resignation, from the EU, the greater the economic costs. One can make an argument that Britain ought to direct its trade away from Europe because this is and will remain a slow-growth zone compared with the new markets in East Asia and even with North America. But that is worth doing anyway: one could not only pursue such a policy while remaining an EU member, it would probably be easier to do so.

Conclusion? Well, the sums need to be done properly, for this is just the roughest sketch. But I suspect that the optimal economic position for the UK – leave aside the politics – would turn out to be a loose but friendly association with the EU, rather than full membership, particularly if the rest of Europe pressed on towards an ever-closer union. We do need a free-trade agreement, but we do not need anything more. If the Verona meeting is the start of a move to an explicit multi-tier Europe, the fringe will not be a bad place to be.

A stake in the labour market

Stakeholding is Labour's big idea: but it borrows too heavily from the German model. The future lies in adapting the concept to the needs of an Anglo-Saxon market economy – and in particular to creating a secure workforce, argues David Soskice



As Margaret Thatcher realised, serious politics requires simple, powerful ideas. Stakeholding is a strong candidate. Yet the discussion so far raises cause for concern.

Labour is on the verge of power; it will govern an economy whose most fundamental traits are profoundly Anglo-Saxon: highly developed financial markets; deregulated labour markets; an education and training system in which companies play little part; and companies that have highly competitive, arm's length relations with each other. Yet the main proposals for a stakeholder society are borrowed from a quite different system, notably from the more co-ordinated capitalism of northern Europe, and Germany in particular.

A central element of Labour's idea of stakeholding is to give employees a stake in their companies, through enhanced security, participation and skill development. This is a characteristic of large companies in northern European economies; it is an attractive aspect of their type of capitalism (though don't count on benefiting to the full if you're a woman), and plays an important role in making them competitive. But "company stakeholding" works in those economies because they have a quite different institutional framework.

Thus Labour is faced with a choice: if it wants to keep company stakeholding as a central part of its strategy, it must envisage institutional changes of dramatic proportions; alternatively, it needs to develop a concept of stakeholding that is appropriate to an Anglo-Saxon liberal market economy.

It has long been a pragmatic and legitimate practice of Britain's centre-left to borrow policies from abroad: in the 1950s and 1960s it looked to French planning; in the 1970s and 1980s to Scandinavian social democracy. Now it looks to Germany and stakeholding. Yet the more we understand other systems, the clearer it becomes that taking any one part of a system (such as company stakeholding) away from the rest of the system is unlikely to be fruitful.

The first requirement of the company stakeholding framework is long-term financing. German companies, large and small, benefit from the availability of long-term finance. This is critical to the security employees enjoy. Employees would give much less credence to the idea of security if they knew that owners could suddenly demand higher returns and job cuts, or that companies could be easily sold to new owners. The German ability to provide long-term capital depends upon implicit agreements among large shareholders that are co-ordinated by banks. In Britain these close and long-established links between companies seldom exist.

The second requirement of company stakeholding is an effective system of training whereby employees acquire substantial skills in the area in which the company operates. If labour markets are deregulated, as in Britain and the US, and it is easy for companies to hire skilled employees away from the companies that have trained them, the incentive to train diminishes sharply. In Germany labour markets are tightly regulated, which makes poaching more difficult.

The third element of company stakeholding is participation in decision making. This is not a happy family dance in which German employees get some intrinsic pleasure from participation. It is a central part of the stakeholder bargain and promotes identification with the company's success as well as restraint in the use of employee power.

Even if it were possible to establish the institutional framework for northern European company stakeholding, it is not clear that it would be desirable. Economies whose efficiency derives from companies being able to take a long-term perspective often exclude women from serious careers in the private sector. Well-educated women do significantly better in the US (and Britain) than in Germany, Japan or Sweden. Upwardly mobile women should be wary of proposals to develop a northern European-type labour market.

While the northern European framework provides a comparative advantage for high-quality manufacturing, the more deregulated Anglo-Saxon frameworks have an overwhelming comparative advantage in internationally competitive services, from banking to airlines and the entertainment industry.

Despite these reservations, stakeholding remains an attractive concept. It implies security and inclusion. Stakeholding also suggests active engagement, both from the state and the individual. It is these notions – obligation, choice, security and engagement, as well as the role of the state – which make stakeholding so potent for

the centre-left: on the one hand, it speaks to the desires and fears of the self-reliant, middle-of-the-road voters Labour needs to capture; on the other, the role of the state ties stakeholding as a political project to the centre-left.

How can the concept be applied in a useful way in Britain? There is one area where stakeholding can cut with the grain of liberal market economies: the labour market. Labour markets have become notoriously less secure for a large proportion of the population. The company can no longer guarantee employment stability and it is playing a less important role in organising individual careers. Employees' skills may not equip them for employment mobility.

What would having a stake in the labour market, as opposed to in a company, look like? There are two elements. The first is an implicit contract that serious investment of effort by a young person at school should lead to the acquisition of the relevant general and social skills necessary for modern labour markets. For young people at schools in disadvantaged areas this may be difficult to fulfil: it is one reason why it is vital for such children to be able to get out of such schools and into sixth form colleges.

But some young people from disadvantaged backgrounds may not have been able to get into an environment in which appropriate general skills are acquired. If we are frank about it, those are the skills of being middle class. What sort of stakeholder contract can one give to a child who has no chance of developing such skills? These are the children who will fall into a low attainment/low competence trap, getting jobs without prospects at the bottom end of a deregulated labour market. We know that most "high-quality training" policies for these young people are a cruel delusion.

We also know that schemes to subsidise low-level employment in the private sector may reduce unemployment, but seldom provide ladders out. It is therefore of great importance for a government serious about stakeholding to consider low-level public-sector careers, linked to adequate school performance. This would be a real contract for disadvantaged young people – where both they and the government would have serious obligations. Such a contract (which the private sector cannot offer) would provide security in a low-level but useful public service career in exchange for hard work at school and commitment.

The second element of a labour market stakeholder contract concerns the process of moving through careers for the great majority of citizens. As careers increasingly involve not just a number of different employers but also the acquisition of different skills, the tra-

ditional ways of dealing with breaks in employment through benefits and information about jobs is giving way to the need for access to education/training and counselling. It is in this area, where insecurity is rife, that imaginative stakeholding solutions are required. Any such solutions would have to reduce insecurity while preserving the sense of individual opportunity and not imposing excessive restrictions on employers. The individual learning/training account is one such idea. It puts the emphasis on the individual – through the individual's obligation to invest in training in order to attract corresponding subsidies by employer and state, and through the individual's choice in how much to invest and where to train. But it also brings the state into the picture. This would be amplified through a proper education and training counselling service, divorced from the depressing connotations of employment exchanges.

Above all, Labour must underpin the British stakeholding model with a wholehearted commitment to mass higher education. Although the present government has revolutionised higher education, it is now dithering about costs. Traditionalists complain about falling standards, but almost all courses teach students the social and computing skills required by the new service economy. Even after the expansion of the last decade, only one third of young people in Britain go on to further education, compared with more than half in the US. So here, at least, our model should be liberal America rather than social democratic Germany.

A longer version of this article appears in the current issue of the magazine "Prospect".

Syria will gain most from the Beirut raids

Hizbollah is being used to needle Israel, says Andrew Rathmell

Israeli helicopter gunships yesterday rocketed Beirut for the first time since 1982. It was a calculated escalation in the worsening cycle of violence between Israel and Hizbollah in Lebanon. The raid, coming a day after Hizbollah fired rockets into northern Israel, marked the failure of US diplomatic efforts to contain the violence and led to fears that Israel may repeat its 1993 offensive, which displaced 300,000 Lebanese civilians. After that offensive both sides agreed to respect certain lines – no attacks on Lebanese civilians and no attacks into Israel. Both sides have now violated the accord, with bloody consequences.

The attacks were the latest turn in the escalating cycle of violence that has gripped Lebanon in recent weeks. On Wednesday a Hizbollah mortar attack killed an Israeli soldier and wounded three others in Israeli-occupied south Lebanon, a day after a barrage of Katyusha rockets had hit the Galilee

settlement of Kiryat Shmona, wounding 36 Israelis. The Katyusha attack was portrayed as retaliation for a roadside bomb in Braichit, north of the Israeli-controlled zone, which killed one Lebanese civilian and injured three on Monday.

The number of Hizbollah attacks on Israelis has risen to more than 100 this year. By the end of March Israeli patience was wearing thin. It was only American influence that restrained Israel from launching a large-scale retaliation.

A combination of Israeli electoral politics, Syrian-Lebanese tensions and Syrian-Israeli rivalry lies behind the current escalation. Prime Minister Shimon Peres knows that his weak point in the Israeli elections, set for 29 May, is his perceived softness on security. The steady trickle of Israeli

losses in south Lebanon has helped to undermine a reputation already tarnished by the Hamas suicide bombings. By authorising tough action in Lebanon he hopes to regain some credibility. He hopes that an Israeli escalation will force the United States to intervene and pressure Syria, whose troops sit astride Hizbollah's supply lines, to clamp down on guerrilla attacks. Israel's director of Lebanon affairs, Uri Lubrani, warned that Syria would get a "whopping" if it intervened to protect Hizbollah.

Syria is not, however, the only power with influence over Hizbollah. Recent Syrian-Israeli tensions have highlighted the role Iran still plays in supplying Hizbollah's military wing, Islamic Resistance, with training and arms. Iranian training has been partially responsible for the movement's

spate of military successes and there are evident splits between Hizbollah's military and civilian leaders.

The former have vowed to fight on while the latter recognise that their future lies in acting as a Lebanese political party since a Lebanese-Israeli peace treaty would make their armed struggle redundant.

Divisions between Syria and Iran and within the Lebanese Shia community have been accompanied by signs that the more moderate Shia movement, Amal, has recently increased its armed operations against Israeli troops. Amal is unequivocally a Syrian proxy and has been used in the past to counter Hizbollah when the latter got out of hand. The return of Amal as a military force may demonstrate that Syria fears it is losing control over Hizbollah's fighters.

In any case, for now Syria is happy to see Hizbollah make Israel bleed. The Syrian-Israeli peace talks have been halted since the wave of Palestinian suicide bombings and will not restart until after the Israeli election. President Hafez al-Assad does not however want to be forgotten. By allowing Hizbollah to operate he reminds Israel that it cannot live securely without peace on the Golan, in return for which Assad would pacify south Lebanon.

If the fighting escalates and grabs international attention, so much the better. His nightmare is to be marginalised while Israel builds a regional block with the Palestinians and Jordan. The current flare-up in Lebanon can only serve to distract Israel from this goal.

The writer is a Middle East specialist at the Centre for Arab Gulf Studies, Exeter University.

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Bank of Ireland poised for takeover of Bristol & West

NIC CICUTTI

Bristol & West Building Society is set to be taken over by Bank of Ireland in a deal that experts believe could net its 1.4 million members up to £750 in cash or shares.

The society's decision, due to be announced on Monday, is the latest in a stampede by most of the UK's top-10 building societies to abandon mutual status.

It comes as members of National & Provincial yesterday voted massively in favour of a £1.35bn takeover by Abbey National at an emergency meeting in Manchester.

Bristol & West refused to comment yesterday on whether it was planning to make an announcement over its own mutual status. However, the society closed its doors to all new business in a desperate bid to halt a fast-moving takeover.

A spokesman said: "We decided to stop people from opening a new account with us unless they are existing customers. It became apparent that the level of new accounts opening was having an adverse effect on our existing customers."

"This was because the queues were so long we could not provide the level of service we would like. The rush did not come as a surprise and I think we have managed to stop it before it became a problem. We intend to keep the ban on until rumours of a merger have died down."

Sources said yesterday that Bristol & West, which has in effect put itself up for auction for several months, has chosen Bank of Ireland as the best candidate among a range of suitors thought to include Allied Irish Bank and National Australia Bank.

Banking analysts speculated yesterday that the acquisition could cost Bank of Ireland between £600m and £800m. A higher price would lead to a bigger payout, of up to £750, for Bristol & West's 1.3 million savers and 200,000 borrowers.

However, one analyst said this was unlikely: "Unlike C&G and some of the societies that have announced their flotation plans in recent months, Bristol & West is not as well focused. It has had a disproportionate share of debt and repossession although it has taken large strides in the past two or three years to eliminate the problem."

Future sell-offs jeopardised by power sale fiasco

MARY FAGAN
Industrial Correspondent

The regulatory fiasco surrounding the Government's £3.6bn sale last year of shares in National Power and PowerGen could seriously deter investment in future privatisations according to the National Audit Office.

The NAO report, which comes on the eve of the £1.8bn Railtrack sale, shows that 91 per cent of institutions felt the furore had "had a negative effect on the likelihood of their participating in future privatisations."

In March 1995, Professor Stephen Littlechild, the electricity watchdog, surprised the City by announcing a renewed crackdown on electricity distribution prices. The news wiped almost £5bn off electricity share prices within a matter of days.

Professor Littlechild's statement was issued the day after the start in share dealings of newly-sold shares in National Power and PowerGen, and caused outrage among private and institutional investors world-wide.

Yesterday's NAO report could prove extremely embarrassing for the Government, which is already struggling to play down controversy over Wednesday's announcement of

the early resignation of Roger Salmon, the man charged with selling passenger rail franchises. SBC Warburg, advisers to the flotation, could be faced with a cutback in the expected £1.8bn sale price unless it can overcome investor concerns about the railways arising from Mr Salmon's resignation, even though he is not Railtrack regulator.

At the same time ministers are faced with increasing scepticism over the planned privatisation of the most modern part of the nuclear industry in the middle of the year.

Mr Littlechild's announcement last year caused a political furore, with the Labour Party accusing the Government of having "conned" share-buyers in PowerGen and National Power by going ahead with the sale in the knowledge that the regulator may make a statement on electricity prices. Although the statement had no direct effect on the business of National Power and PowerGen, it created a frenzy of uncertainty over the UK regulatory system and its potential implications for the entire electricity sector and utility industries as a whole.

The NAO survey, carried out about four months after the event, shows that fears over UK privatisations persisted in spite of insistence by ministers that the storm had abated. The report admits that the London Stock Exchange confirmed "widespread and lingering concerns in the market". The Exchange also said that future sales involving a regulated industry would probably come under much more careful scrutiny.

The survey shows that these worries are echoed by institutional investors. Almost 80 per cent of those taking part said that Professor Littlechild's intervention has had a negative effect on their perception of the privatised utilities.

According to one City analyst: "The NAO's conclusions are hardly surprising as many US investors remain jaundiced and even UK investors hear the previous experience in mind."

He added: "The report adds to the view that commitments and undertakings in any future sale prospectus will have to be extremely clear-cut. There will have to be full disclosure of the implications of any potential political or regulatory changes."

The NAO report comes amidst growing bearishness over the sale of British Energy, the company formed to take over the nation's most advanced nuclear reactors.

Some analysts believe that the gross value of the flotation could be as little as £1.5bn compared with earlier estimates of £2.5bn.

Protestors disrupt Lloyds TSB annual meeting



The first Lloyds TSB annual meeting since the two banks merged last year was disrupted by demonstrators yesterday protesting at the bank's stance on third world debt. Some naked protestors staged what they described as an "ethical streak" and at least two arrests were made by police after security officers removed several people from the AGM, held in Edinburgh (above). Sir Robin Bibb, the Lloyds TSB chairman, said he had offered to meet the protestors as recently as last February, but the group had not responded to his invitation.

A Lloyds spokesman said: "We do not believe that writing off the debt is the answer. We believe the best way forward is to stay with the countries and help them establish their reputation for financial reliability which will help them raise the finance they need for the future."

New Rentokil offer lifts bid, costs to £74m

MAGNUS GRIMOND

Rentokil yesterday looked set to secure victory in its bid for rival business services BET after raising its offer to £2.1bn. But it revealed that the increased terms would raise the advisory and other costs of its bid by £17m to £74m.

The figure is before any pay-offs for directors, with John Clark, BET's chief executive expected to pick up around £5.6m if he is forced out following a successful takeover.

The news came as Amec, which successfully fended off an unwanted bid from the Norwegian group Kvaerner, announced that its £4.1m defence costs had cut 1995 profits by over a fifth.

Clive Thompson, Rentokil chief executive, said around £30m of the £74m cost of the original bid related to underwriting fees. The new offer would add around £17m to the total, part of which would be success-related, he said.

BET immediately rejected the increased offer, which was widely expected. News of the higher terms sent 13p to 35p yesterday, while BET added 0.75p to 288.25p. Rentokil is offering nine new shares and £10 in cash for every 20 BET shares and promising to pay 4p a share in dividends to BET shareholders. The share terms remain the same under the new offer, but the cash element is raised from £8 to £10.80 or 14p a share. It values BET shares at 211.5p after the fall in the Rentokil price yesterday, well clear of a raised cash alternative of 202.5p, up from 179.5p before.

Announcing the new offer, Mr Thompson renewed hostilities in what has already been an acrimonious bid saying that Rentokil would be complaining to the Takeover Panel about BET's "misleading" use of the two companies' share prices in rejecting the latest offer.

He also reopened his attack on the management of BET since Mr Clark took over in April 1991. He said Mr Clark was now in the fifth year of a three year turnaround programme. "The management team which did a sound job in turning round this business has failed, it's failed and it's failed

again in its attempts to grow the business."

Mr Thompson said Rentokil would reap cost savings from merging businesses and closing the BET head office. The 124 people in that area cost £24.6m in 1994-95 and some of those costs could be saved, but he refused to give any precise figures, saying he did not want to fall into the trap created for itself by Granada when it said during its bid for Forte that it would reap £100m savings from merging the two businesses.

He said any redundancies would come from managerial and administrative personnel and "we are talking about tens or hundreds rather than thousands world-wide." There would be immediate cost savings to be made from merging similar businesses such as cleaning, facilities management, personnel and security in the UK.



Renewed hostilities: Clive Thompson of Rentokil

There would also be longer-term opportunities to develop BET's initial brand name alongside the existing Rentokil brand. They would keep "an open mind" on what to do with peripheral businesses, including plant services, conference centres and resort management.

But BET said it had "no hesitation" in rejecting the bid after a board meeting yesterday. It claimed that much of the increased offer was illusory, with some 30 per cent of the increase being paid for with money already promised to BET shareholders through its final dividend for this year.

Railtrack investors due for discount in the share shop

PETER RODGERS
Business Editor

Investors in the Railtrack privatisation who register and apply through one of the 110 institutions acting as share shops will be eligible for a 15p per-share discount on their second instalment payment, due in 1997.

The discount will apply only to the first 800 shares they are allotted in the flotation in May, and they must hold them continuously until the payment is made. Alternatively, investors may opt for a one-for-15 share

bonus on their first 1,200 shares. The second instalment date will be announced on Monday with the prospectus, but SBC Warburg, global adviser to the sale, has already said it will be in the 1997 financial year, so that payments can be made in two financial years, doubling the amount that can be put into Peps.

The 15p discount is separate from a promised discount to the offer price when the issue is sold in May. Retail investors will be given a lower price than City and overseas institutions pay. The Government is planning

to sell a minimum 51 per cent of Railtrack, with at least 30 per cent of the shares intended to go to individual retail investors as part of incentive-based packages.

The pathfinder prospectus is expected to announce a sale of 100 per cent of Railtrack. Railtrack shares are expected to offer a dividend yield in the region of 7 per cent.

London loan market sources said Railtrack had agreed the £2.35bn loan it needs for its core future financing with a syndicate of eight banks led by Barclays Bank's BZW Syndications.

UBS board throws out CS merger proposal

PETER RODGERS
Business Editor

The board of the Union Bank of Switzerland last night unanimously rejected a £32bn merger approach from CS Holding, one of the other two big Swiss banks.

This reprieves a substantial number of jobs in the two banks' operations in London, which together employ 6,500. It was thought that many hundreds and possibly well over

a thousand jobs could have been lost in London if the investment bank subsidiaries had been merged.

The statement from the UBS board made no attempt to conceal the directors' anger with CS Holding's tactics, saying they were taken aback by the bank's demand for a decision in principle ahead of a key shareholders' meeting next Tuesday. This is the meeting at which Martin Ebner, a senior shareholder, will try to overturn the

appointment of Robert Studer as chairman of UBS.

Swiss analysts now believe rejection could make CS Holding vulnerable to a takeover approach from another bank, such as Deutsche Bank.

But the door to further talks was left slightly ajar when UBS said the negative aspects of the merger plan far outweighed the positive, while conceding there were areas where there could be benefits.

Switzerland after UBS and parent of Credit Suisse and CS First Boston, is not as strongly capitalised as UBS, which is one of the few banks in the world to retain a A rating.

The meeting about the plan to create the world's second biggest bank began at 4.30pm London time but Nikolaus Senn, the UBS chairman, had already dropped strong hints that a rebuttal was likely after the approach on 1 April from Rainier Gut, CS Holding's chairman.

In Switzerland, it is widely believed that UBS leaked the conversation to undermine support.

Mr Senn and other board members have in the recent past argued that UBS should remain independent and on Wednesday a Swiss newspaper printed an interview with him in which he was highly sceptical about the need for a merger.

If a deal went ahead, the new bank would have been the world's second-largest by size of

assets. The combined capitalisation would have been £32bn. But the likely job losses and other rationalisation costs in Switzerland are thought to have been unacceptably high for UBS because of the degree of overlap between the two businesses.

Most analysts agreed that Mr Gut's proposal was a serious attempt to lay the groundwork for some kind of cooperation with UBS, despite political and business difficulties a full merger would face.

Subdued inflation fails to prop Dow

DIANE COYLE
Economics Editor

Share prices in the US tumbled yesterday for the third time this week, despite new evidence that inflation remains subdued. After a positive initial reaction to figures showing that the rise in "core" prices at the factory gate last month was lower than expected, the Dow Jones Industrial Average fell 70 points to 5,415 by mid-morning before regaining some of the lost ground.

The decline hit shares in London, where the FT-SE 100 index ended more than 23 points down at 3,744.2. The New York Stock Exchange imposed its automatic curbs on trading - for the 39th time this year - after a morning bout of computer selling. This was triggered by investors concluding that low inflation last month did not mean it would stay low.

Concern centred on commodity prices. The price of crude oil is at a four and a half year high, with the benchmark Brent crude for May delivery at 54 cents a barrel at \$22.57 by late yesterday afternoon. Higher grain prices as a re-

sult of dry weather have also helped take the Federal Reserve's favoured commodity price index, from the Commodity Research Bureau, to its highest level for eight years. Inflation at the factory gate in the US remained subdued last month apart from commodity-driven increases in energy and food costs.

The producer price index increased by 0.5 per cent to a level 2.4 per cent higher than a year earlier. The core increase, excluding food and energy, was only 0.1 per cent in the month and 1.9 per cent in the year to March. Energy prices jumped 2.4 per cent and food prices rose 0.6 per cent in March.

Financial markets remained concerned about the risk of higher inflation in future. Figures for US retail sales and consumer prices due to be released today will keep Wall Street nerves on edge.

Dan Soto, an economist at securities firm Nikko in New York, said: "The price figures reflect past economic conditions. There are some troubling inflation pressures." However, most analysts do not expect the Federal Reserve to raise interest rates in a hurry.

STOCK MARKETS									
Index	Close	Day's change	Change %	1995/96 High	1995/96 Low	Yield %	Dividend	Dividend Yield	Dividend Payout
FT-SE 100	3744.20	-23.20	-0.6	3781.30	3639.50	3.98			
FTSE 250	4390.50	+3.40	+0.1	4390.50	4015.30	3.38			
FTSE 350	1887.40	-8.70	-0.5	1896.10	1818.60	3.83			
FT Small Cap	2117.88	+2.94	+0.1	2117.88	1954.08	3.95			
FT All Share	1866.45	-7.80	-0.4	1874.25	1791.95	3.77			
New York	5454.91	-31.07	-0.6	5699.74	3832.08	2.11			
Tokyo	21694.43	-97.27	-0.4	21791.70	19734.70	0.721			
Hong Kong	10882.57	-184.98	-1.7	11594.99	10073.39	3.281			
Frankfurt	2609.71	-20.31	-0.8	2530.02	2253.88	1.841			

INTEREST RATES									
Short sterling	UK medium gilt	US long bond	Money Market Rates	Bond Yields	Money Market Rates	Bond Yields	Money Market Rates	Bond Yields	Money Market Rates
UK 5.94	6.44	8.15	8.37	8.28	8.38	US 5.44	5.81	8.64	7.06
US 5.44	5.81	8.64	7.06	5.92	7.96	Japan 0.50	1.00	3.23	2.80
Germany 3.31	3.31	6.51	7.10	7.25					

CURRENCIES

Three line charts showing currency exchange rates from 1980 to 1984. The vertical axis for all charts represents the exchange rate, and the horizontal axis represents the year.

- £/\$:** The rate starts at approximately 1.55 in 1980 and declines steadily to about 1.48 by 1984.
- £/DM:** The rate starts at approximately 2.25 in 1980 and rises slightly to about 2.27 by 1984.
- £/¥:** The rate starts at approximately 165 in 1980 and rises slightly to about 167 by 1984.

New York market rates and 30-day bill at 2200 hours

Pound

	Yesterday	Change	Year Ago
£ (London)	1.5137	-0.28c	1.5884
£ (NY)	1.5135	-0.30c	1.5930
DM (London)	2.2725	-0.15m	2.2213
¥ (London)	165.271	-10.395	133.549
£ Index	93.6	-0.1	94.3

Dollar

	Yesterday	Change	Year Ago
£ (London)	0.6606	+0.12	0.6295
£ (NY)	0.6607	+0.35	0.6277
DM (London)	1.6012	+0.15m	1.4048
¥ (London)	108.480	-10.000	84.48
£ Index	98.7	unch	88.6

OTHER IMMOIGATORS

	Yesterday	Day's High	Year Ago	Index	Latest Tr Price	Next Price
DM (Rent) \$	22.55	+0.52	18.83	RPI	160.8+2.70c	146.9 18 Nov
Gold \$	394.90	-0.5	390.10	GDP	187.2+2.00c	106.1 29 Aug
DM (Rent) \$	260.88	+0.08	245.59	Base Rates	-5.000c	6.375

Source: FT Information

April 12 1996



COMMENT

For those who wondered whether anyone would ever be brought to book for the spectacular mugging the markets took in March last year, the NAO's report will be sweet justice.

Time out of 10 share owners said their funds preferred not to buy UK privatisation issues. Well, not quite, but today's dissection by the National Audit Office of the way ministers mishandled the sale of National Power and PowerGen is the nearest we are likely to get to seeing retribution visited on the Treasury and old whippersnappers, Professor Stephen Littlechild.

The taxpayer may not like the NAO's finding that institutional investors have been put off in their droves from subscribing for future privatisations by the antics of the Financial Secretary and his advisers BZW and Kleinwort Benson. But for those who wondered whether anyone would ever be brought to book for the spectacular mugging the markets took in March last year, the NAO's report will be sweet justice.

For the record, it is worth recounting events a year ago as the Government prepared to sell off its remaining shareholdings in the two generators.

On 27 February the Treasury was informed that Professor Littlechild was thinking of ordering a fresh review of electricity prices. For the next four days they gazed at their navels before concluding that it would have no effect on the generators' sale.

The following Monday, 6 March, the partly-paid shares began trading and even managed to go to a premium until Professor Littlechild clubbed the entire sector the

next day with his price review. Shares in National Power and PowerGen plunged below their issue price and remained in the doldrums for the best part of two months while overseas investors thought about withholding payment and the two generators consulted their lawyers about whether to sue.

The Treasury's subsequent internal review found itself not guilty on the inspired grounds that it had not been in possession of price-sensitive information that required disclosure in the prospectus.

Well, what else were the poor tortured souls supposed to have done? Pulled the sale and waved goodbye to £3.6bn in receipts or alerted the markets and watched the syndicate of international banks managing the offer take a beating? In the end they decided that no disclosure was the better part of valour and ploughed ahead.

But, as the NAO demonstrates, a sour taste continues to linger in the mouths of the investment community. In the cold light of day four months after the shenanigans of March 1995, nearly half those institutional investors polled rated the sale unsuccessful and 91 per cent said it had a negative effect on their likelihood of participating in future privatisations. These are institutions that the Government must rely on to ensure that the much more problematic sales of Railtrack and British Energy pass without disaster.

Who could now blame them for approaching these two offers with much greater caution when confronted with ministers bearing heavily regulated utilities for sale? The upshot may be less interest and still lower prices. Revenge is sweet but voters may not share the satisfaction.

Blair learns his tax lessons

The Grand Hyatt Hotel in New York is no doubt a more convivial spot for a Labour leader to spell out his party's tax policy than some stuffy committee room in the Commons. It is also a safer place, particularly when his delivery is bereft of anything that even approximates to a hard number.

Four years ago the Shadow Chancellor John Smith ended Labour's dreams of power by unveiling the shadow budget it would have enacted if in government to a cramped Westminster press conference. The electorate took one look and ran a mile into the arms of John Major.

Tony Blair's address to the British American Chamber of Commerce in the US yesterday shows that New Labour has learnt the lesson. It was, unsurprisingly, long on ideals but shorter on figures, and why not?

It did not matter that more people would have been better off under John Smith's detailed tax proposals than would have been worse off. But by setting out where the break point lay he allowed his opponents to spread the message that Labour was the enemy of endeavour and self-improvement.

Why strive for a better standard of living when it would only be taken away in tax?

Mr Blair has avoided that pitfall while promising that the days of "reflex tax and spend policies are over" to be replaced by the need to build a "new trust on tax". Reading between the lines, this may take school teachers, policemen and some middle managers out of the top tax rate.

But we will have to wait for Gordon Brown, the Labour manifesto and economic circumstances at the time to discover where trust ends and betrayal begins.

For the 600 or so businessmen who made up Mr Blair's audience yesterday that is an important consideration. His speech was designed for domestic consumption but it was also cleverly dressed up to reassure the international business community that Labour will not scare off inward investment. Part of the package is to ensure that British tax levels are internationally competitive. At the moment they are. The UK's main rate of corporation tax is lower than all its main European competitors and only higher than Norway and Sweden.

But the tax rates businessmen look at most avidly when deciding whether to relocate abroad are the ones they will pay out of their own pockets. The UK's top marginal rate of tax, at 40 per cent, is substantially below that of Germany, France, Belgium and Italy as well as that of Japan, giving Labour the leeway to raise the top rate while still taking millions of working people out of the highest

tax bracket. That might appeal back home but whether it would tempt American and Japanese executives over here is less obvious.

BET bid leaves a nasty hangover

The most boring bid in recent memory is mercifully drawing to a close, with Rentokil looking like it will capture its prey. But the acquisition of BET will leave a nasty hangover in the shape of the combined £100m-plus in fees Clive Thompson's shareholders will have to fork out.

This raises wider questions about what value the City adds to the UK economy. The bidder naturally argues that its superior management will add value to BET and therefore, presumably, that the money is well spent in improving the performance of British industry. No doubt Peter Mason, the new chief executive of Amec, would use a similar case in defending the £4.1m his company spent fending off Kvaerner last year.

But the size of these fees is reaching a level where they are hitting financial performance. In Rentokil-BET's case the fees would wipe out three-quarters of this year's forecast profits. With privatisation issues drying up, the City is likely to lift its efforts to persuade companies to become more acquisitive to boost flagging incomes. But more gravy for the City could spell increased and unnecessary costs for British industry.

Aerospatiale shift boosts hopes for reforms at Airbus

MARY FAGAN
Industrial Correspondent

Plans for restructuring Airbus Industrie have taken a large step forward following public backing for the move by Aerospatiale of France, one of the four partners in the aircraft consortium. The shift in stance by the French group comes as Edzard Reuter, chairman of Airbus and former chairman of Daimler-Benz, prepares to report to the board on the future shape of the European partnership.

British Aerospace, which has 20 per cent of Airbus, has been battling to turn the plane-building organisation into a separately incorporated group instead of a partnership. The German government has come out in favour of reorganisation but the French have until recently opposed the change.

In a surprise move, Louis Gallois, chairman of Aerospatiale, has called for an end to the system under which work on the aircraft is parcelled out to the consortium partners according to their shareholdings.

Mr Gallois accepted that the move, which could go hand in hand with the transformation of

Airbus into a public limited company, may mean Aerospatiale losing out to rivals in competitive tendering. In an interview earlier this week, he said that airlines need reassurance about the future of the Airbus grouping and that this "is linked to the transformation of its status into a fully fledged company".

Mr Gallois stressed the need to react quickly to customers' demands but added that he does not think that the group can be transformed overnight.

Pressure to reform the structure of Airbus has been mounting in recent weeks following threats from the German government to withhold subsidies for the development of the partnership's next aircraft unless it begins a reorganisation.

Under the present arrangements, work is shared by members of Airbus - which in addition to BAe and Aerospatiale include Daimler-Benz Aerospace and Casa of Spain - according to their participation. This has been criticised by the UK and Germany as inefficient but until now France has resisted change.

Britain and Germany have

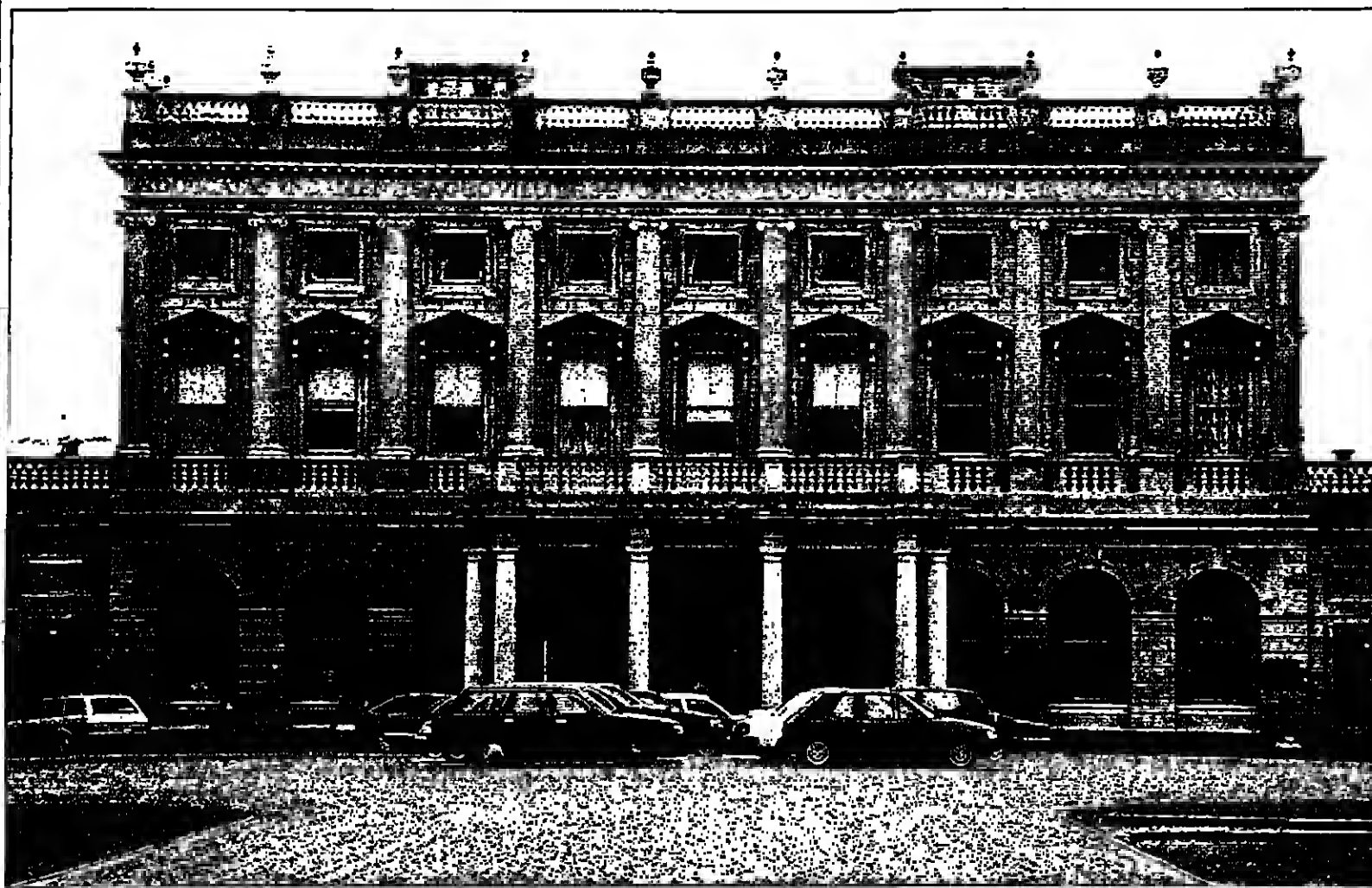
said they want Airbus turned into a conventional company with managerial freedom to make decisions about cost cuts without constantly referring back to the partners. The restructuring of Airbus could also allow the expansion of the partnership to help fund the next generation of super-jumbo aircraft.

BAe sources have dismissed press speculation that it would want an increase in its stake if Airbus is restructured.

The Airbus plans to build the 550-seater A3XX, could cost more than £500m and the building partners are unlikely to be able to raise the capital. There is speculation that Airbus could embrace new partners from Asia and the Pacific Rim, where growth of airline orders is expected to be strongest over the next 20 years.

A recent survey of the airline market by Boeing estimated investment of \$1,100bn on about 16,000 aircraft over the next 20 years with the bulk of the demand coming from Asia-Pacific. If Airbus becomes a separately incorporated company it will have more freedom to buy components from the most economic sources.

Former Astor home turned luxury hotel floats to a premium on market debut



Cliveden, one of England's finest country houses and now a luxury hotel, ended its first day of trading yesterday at 85p, up from its flotation price of 73p. The 376-acre estate in Berkshire was home to the Astor family in the 1930s, when it played host to the pro-appeasement lobby, and

in the 1960s the house again gained notoriety during the Profumo scandal. The house is now owned by two businessmen, John Lewis and John Thum, who made the Royal Crescent Hotel in Bath a success and have a number of similar projects planned. Beeson

Gregory were brokers to the float. The hotel made operating profits of £1.4m on sales of £6.4m to the end of October 1995. According to the prospectus, trading in the first 20 weeks of this year was "significantly ahead" of the same period last year.

Daimler Benz slides to loss of £2.5bn

MARY FAGAN

Currency losses and problems with its Dasa aerospace arm helped force Daimler-Benz to a net loss of DM5.7bn (£2.5bn) in 1995.

However Manfred Gentz, chief financial officer, said key businesses within the group were well hedged against currency fluctuations into the near future.

The group paid no dividend for the year and said it was too early to comment on any payout for 1996.

Jürgen Schrempp, chairman, said that Dasa, one of the four partners in the European Airbus consortium, should break even in 1997 after losses of more than DM4bn last year.

He said that restructuring measures to achieve the turnaround have been provided for in the 1995 accounts.

Mercedes-Benz, the group's automotive unit, provided an upbeat tone at the annual

meeting with projections of a 5 per cent increase in sales this year, with profits at least equal to those in 1995.

Last year Mercedes made a net DM2.275bn compared with DM1.849bn a year earlier while sales rose to DM72bn from DM70.7bn in 1994.

Currency market fluctuations reduced group net income by DM2.4bn. Daimler said currencies hurt net income by reducing the operating results by DM1.6bn while a further DM800m was shaved off to cover provisions for risks on its order books.

The mark climbed much of last year against the dollar and other European currencies.

A strong mark hurts German companies by reducing the amount of money they make on overseas business and by raising the price of their goods when they are denominated in other currencies.

Mr Gentz said Daimler's car business in the US was



Jürgen Schrempp: Expects restructuring measures to give break-even in 1997

hedged at exchange rates above recent levels well into this year and in Europe into the autumn.

He added that Dasa was hedged into 1997 and even 1998 with futures contracts "clearly above" the current dollar/mark rate.

Daimler said group sales should grow this year by 5 to 10 per cent on last year's DM103.55bn.

N&P vote in favour of Abbey National bid

NIC CICCUTTI
and KEN WELSHY

National & Provincial, the seventh-largest building society in the UK, finally agreed a £135bn takeover by Abbey National at an extraordinary meeting of its members yesterday.

About 840,000 savers, more than 96 per cent of the total who voted at the AGM and in a postal ballot, agreed the takeover terms which will net them a minimum of £750 in cash or Abbey National shares, plus 7 per cent of their balances.

Borrowers, who will receive £500 worth of shares each, agreed the takeover terms by a majority of 235,000 to 10,000. A joint saver and borrower with a maximum deposit could gain up to £4,750 from the takeover. Payouts are expected to begin in late August.

Lord Shuttleworth, chairman of N&P, said he was delighted at the high turnout of the 1.4 million savers and borrowers.

The society had approached more than 40 organisations before deciding the Abbey National offer was in the best interests of its members.

Alastair Lyons, the society's chief executive, said Abbey National had given a commitment there would be no compulsory redundancies in the retail network in either organisation.

The 1,400-strong workforce at N&P's head office in Bradford probably would be expanded.

However, closures of about 130 Abbey National and N&P branches will take place as the merged organisation rationalises down to a network 880-strong.

The vote yesterday marks the latest stage in an £18bn-demutualisation fever that has seen virtually every leading building society, including Halifax, Wesolwick and Alliance & Leicester, announce plans to float on the Stock Exchange.

Last week, Northern Rock announced its £1bn flotation

plans. Bristol & West is expected to follow suit next week.

But Mr Lyons said N&P had not rushed to escape its mutuality. "It was a strategic move ... to widen our customer base."

The fact that has given rise to a move from mutuality is a consequence rather than a cause.

"Our decision was based upon where we were in the market as a national name hut [only] a medium-sized player."

The combined financial institution will employ 23,000 and have assets of about £113bn.

Despite the high postal vote in favour, questioners at the 500-strong EGM were overwhelmingly hostile to the bid.

Lord Munkswell, a Labour peer and N&P member, said the motion was one of "whether we turn ourselves into a bank and sell our accounts to another bank for a vast sum of money".

The takeover would be funded with an increase in interest rates paid by borrowers and a reduction in interest rates to savers.

IN BRIEF

• Bundesbank officials allowed hopes of a cut in German interest rates to rise yesterday. Hans Tietmeyer, president of the central bank, said: "There is no question of an interest rate rise in the foreseeable future." Chief economist Otmir Issing said surging growth in M3, the target money measure, did not imply any threat of inflation. The remarks came on the same day that figures showed a 2 per cent drop in the volume of retail sales in February.

• Dowty, the aerospace company owned by TI group, has won a \$40m contract to supply hydraulic systems on Raytheon aircraft for the US military. The order comes within months of a decision by a New York court to throw out an action against another Dowty operation for alleged overcharging on labour and production costs on components supplied to the US Air Force. TI said the new contract and the alleged complaint are entirely unrelated.

• Amec is still talking with Norwegian shipbuilding and engineering company Kvaerner about its 26.1 per cent shareholding in Amec and possible joint venture partnerships. Amec chief executive Peter Mason said: "Kvaerner has signalled its intention to sell its stake, but we don't know if it will be placed or sold on to another potential suitor." Separately, Amec announced the purchase for an undisclosed sum of South West Infrastructure Maintenance, sixth of the seven British Rail maintenance companies to be sold. Turnover of the company was over £100m last year, when it was profitable, Amec said.

Investment column, page 18.

• Scottish Amicable has launched Personal Equity Portfolio a new product which will combine the advantages of a PEP and a split-level investment trust. It allows investors to put up to £50,000 into a tax-free investment. Up to £6,000 will be invested in ordinary shares in UK companies through a new split level trust, the Amicable Capital Trust, and qualify as a PEP. The balance will be invested in warrants which will be converted into shares outside the PEP but all the income will be channelled through the PEP. After seven years the trust will be wound up and investors will receive back the higher of £50,000 or £44,000 indexed to the retail price index. Minimum investment is £10,000. The initial charge is 4.9 per cent and the annual fee 1 per cent.

• Some of America's largest retailers revealed a mixed picture of US retail trends yesterday, ahead of today's Commerce Department retail figures which are expected to show a modest increase for March. Sears Merchandise Group reported comparable sales figures up 6.8 per cent in March this year compared to the same month in 1995. However Kmart said its domestic like-for-like sales were flat while JC Penney reported a 1 per cent fall in March sales.

• Reflex, the printing inks group, is to seek a listing on the Alternative Investment Market. The Manchester-based company is hoping to raise £750,000 from the float which will value the group at £2.75m.

• Sophus Berendsen, the Danish majority owner of Rentokil, yesterday announced more than doubled profits for 1995. The group said net profits after minorities soared to \$165.3m in 1995, well above analysts' forecasts. "Given stable exchange rates and economic conditions the group expects continued progress in 1996", the group said.

City thumbs-down for new House of Fraser boss

NIGEL COPE

House of Fraser, the beleaguered department store group that ousted its managing director last month, moved quickly to fill the void yesterday when it named former Texas Homecare chief John Coleman as its new chief executive.

However, the choice disappointed the City, with analysts saying Mr Coleman was not the "big hitter" required to address House of Fraser's difficulties. The shares slumped 14p to 175p - below the 180p issue price when the company came to the stock market two

years ago - as the City began to discount the possibility of House of Fraser becoming a takeover target.

Some analysts said Mr Coleman's appointment appeared to strengthen the position of Brian McGowan, the group's non-executive chairman, who pledged to stay on yesterday in spite of the company's poor performance under his stewardship.

Robert Smith, stores analyst at Société Générale Strauss Turnbull, said: "Worthy though John Coleman is, he is not the 'big hitter' many were hoping for. It is a chain with a lot of difficulties to put right and it has

no genuine flagship store to carry it through the bad times."

Tony Shire, at BZW, said: "The share price had moved up in anticipation of a bit more than this. He will have his work cut out to live up to the expectations of the market."

The share price rise had been fuelled by a mixture of takeover speculation and rumours that David Dworkin, the American retailer who led the revival of Storehouse, was in line for the top job.

Mr McGowan defended the appointment though he stopped short of saying that Mr Coleman was first choice. "No one turned

me down. I probably saw eight people and John came out as easily the best. He was also available immediately."

Mr Coleman, 43, will be paid a salary of £300,000 plus a performance-related bonus. He will also be eligible for share options worth four times the level of his salary and has a one-year rolling contract. He takes over from Andrew Jennings, who was ousted from the managing director's position last month after a series of profits warnings.

Mr Coleman said he was looking forward to the challenge of turning round one of the worst-performing retailers on the stock market. "Obviously I'm very excited. Of course there are problems but the brands are strong and so is the team here."

He declined to be drawn on strategy but said he would be conducting an immediate review when he joins the company on 29 April.

Mr Coleman has been keen to return to the high street since his departure from Texas Homecare, following its takeover by Sainsbury last year. He joined forces with the Barry Dale consortium that tried unsuccessfully to take over Littlewoods earlier this year.



Hot seat: John Coleman will earn £300,000 a year

18
business

Question of confidence at Amec

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

The recent share price performance of Amec, the contracting group, has so far easily justified the shareholders' decision to reject last year's £360m bid from the Norwegian group Kvaerner. The share price, up 3p at 110p yesterday, is now well clear of the 100p a share offered by Kvaerner. But it remains an open question whether the market's apparent confidence in the group is related to future trading prospects or speculation about the future home of Kvaerner's residual 26 per cent stake in Amec.

Yesterday's results for the year to December, showing flat profits of £20m before the £4.1m bid defence costs, will give confidence to the many shareholders who argued that Amec's future is rosy as it recovers from the bottom of the construction cycle. Stripping out the £8.1m cost of preparing claims against Agip, the client on the troubled Tiffany oil platform contract, operating profits jumped from £29.4m to £40.5m last year.

Barring the Tiffany-related loss at the Newcastle offshore construction operation, all the businesses were ahead last year. Profits more than doubled to £11.9m in the construction division adding credibility to Amec's claims that the increasing proportion of design-and-build contracts in its portfolio adds value to the business. Competition for this type of business is less - typically four bidders instead of the usual 10, says Amec - fees tend to be higher and there is more flexibility in charging.

Elsewhere, the small Fairclough Homes division did well to turn losses of £2.8m into profits of £2.6m last year. In line with others in the sector, Amec is experiencing a sharp upturn in the market in 1996, with 13 per cent ahead this year. Anticipating the outcome of the "root and branch" review of the group currently being undertaken, new chief executive Peter Masoo yesterday emphatically ruled out a sale of the housing business.

Mr Masoo is confident that 1996 will be a "noticeably" better year than 1995. The group will be without the milestone of the Tiffany contract, order books are at record levels in many areas and margins are expected to improve as more profitable work taken on recently comes through to the figures.

But risks abound. Despite Mr Masoo's confidence, competition continues to be intense in areas like structural steelwork and even design and build is not immune from margin pressures. It is not clear that Amec has the balance-sheet strength to compete effectively in the Government's private finance initiative against better-placed rivals like Laing and Tarmac. Meanwhile, its homes business is too small, but the write-off of a sale would probably wipe

out shareholders' funds. Profits of £33m this year, putting the shares on a prospective multiple of 17, is still a meagre return on sales of £2.5bn. The limited prospect of a bid is the only reason for holding the shares.

Little substance at Nurdin

For an unglamorous cash-and-carry operator, Nurdin & Peacock has been the subject of a good deal of attention of late - most of it takeover talk. This has been good news for the share price, which has risen sharply this year since a February profits warning. Sadly, for investors, nothing seems to have materialised.

Booker, the rival food and cash and carry group most recently tipped as a predator, played down bid rumours last month.

The other possibility is SHV Makro, the Dutch group, which holds 14 per cent of Nurdin's stock and is now free to increase its stake. All is quiet here too and after management changes at Makro, the two no longer speak to each other.

The other block is the Peacock family which controls 30 per cent of the equity and is showing no signs of selling.

All this leaves the share price reliant on the performance of Nurdin's core cash-and-carry business, which is barely trading water in a shrinking market dominated by large competitors.

Pre-tax profits of £19.6m were in line with February's warning but the operating figure of £24.5m is still lower than last year. Like-for-like sales were up by 4 per cent last year, but this year is proving tougher with the sales uplift slowing to 2 per cent in the three months since the year-end.

While Nurdin will continue to mop up smaller cash-and-carry operators, it is pinning much of its hopes on building its delivery business, servicing independent retailers and corner shops.

The margins are better - about 4 per cent compared with less than 2 per cent in the core business - but the key to success is building sufficient economies of scale.

Nurdin is looking to grab 10 per cent of the delivery market - equivalent to £350m of sales - within the next few years. Hence yesterday's £400,000 purchase of Thompson Wholesale Foods, a Manchester-based delivery group.

More deals like this are needed to help shrug off an unhelpful sales mix in the core business, which is skewed towards

lower margin orders of tobacco, wines and spirits. The belated introduction of electronic stock ordering systems should also help but may not be enough.

With analysts expecting profits of £24.5m this year and with the shares 1p higher at 175p yesterday, Nurdin is on a forward rating of 13. With bid hopes receding, the shares look set for a period of drift.

BP warms to higher oil prices

British Petroleum's annual meeting statement yesterday that it intends to raise its profits by a half over the next five years is welcome news for shareholders. It largely confirmed the strategic plans outlined to analysts last month, but with news of higher oil prices gave an added boost to sentiment and the shares added 5.5p to 591.5p.

The earnings target translates into 8 per cent year-on-year growth or another £1.5bn on the bottom line, something shareholders will share in directly through the group's dividend policy. John Browne, BP chief executive, said the guideline now was to pay out half underlying earnings to shareholders. He has already hinted there could be special payouts or share buy-backs if the earnings target is exceeded.

Add in plans to keep debt below \$8bn and to grow capital expenditure to close to \$6bn and BP has presented a dream scenario to investors. But as Mr Browne admitted, around 80 per cent of the improvement in the past three years has come from cost-cutting and in the future the group must put more emphasis on growth. His target is for over half the uplift in performance to come through top-line expansion.

Since 1992, BP has led the industry in selling off peripheral assets and improving the focus of its capital expenditure. Its decision to merge its European refining and marketing with Mobil shows there is still scope for further innovation on this front.

But it remains to be seen whether it can achieve the same returns from genuine growth. Traditionally reliant on mature fields in the North Sea and Alaska, BP is confident it can raise production by up to 5 per cent a year and still more than replace reserves into the next century. That is a heroic assumption, even with new discoveries.

Assuming net income of £2.5bn this year, the shares stand on a forward rating of 14. That looks fair value, particularly since, despite their recent outperformance, the shares have just caught up with Shell on a five-year view.

Body language and its place in phone shopping

CITY DIARY

JOHN WILLCOCK



Eating, smoking or doodling - the choice is yours

What do you get up to when you're on the phone? With the advent of the mobile phone obviously the question is more interesting than it used to be.

According to a survey by TSB (now part of Lloyds Bank) into phone shopping, nearly half (49.1 per cent) eat or cook while on the phone. Almost one in four smokes (23.5 per cent) and one in five works (18.6 per cent). About the same number (17.5 per cent) "doodle or watch TV".

Communications psychologist Guy Fielding warns that this means many people are not getting the best out of phone shopping. "Body language, confidence and persistence are as important on the phone as in the shop," he says.

Maybe so, but the TSB's accompanying leaflet sounds a bit obvious: "Before you pick up the phone, decide more or less what you want to say. Because you can't see the other person, pay particular attention to how the other person sounds."

I'll make sure to remember that one.

A joke that is doing the rounds among brokers back from the piste: How many ski instructors does it take to change a light bulb? One to change it and six to criticise every turn.

A heavyweight report published by the Ethical Investment Research Service yesterday will not result in trees in rainforests being felled, despite the fact that the report is more than 100

Forget the National Lottery. If you own or run a small business and you need a cash injection look no further than Lloyds Bank's new Grantfinding service. Lloyds is offering free IBM-compatible floppy disks to the first 3,000 who phone 0345-343434.

The idea is to get rid of "grant cowboys" who promise grants and then disappear with their advance fee. More than £500 is available from the European Union and government grants. And you don't have to watch Ant and Dec.

pages long. The back of the report, which is titled *Money & Ethics*, carries the blurb: "Printed with soy-based inks and recycled paper." Sounds tasty.

Scotland has always had a reputation for producing good accountants, so it is particularly fitting that the newly appointed president of the trade body for receivers - the "Society of Practitioners of Insolvency" (SPI) - is a Glaswegian.

Gordon Stewart, 40, is also, however, a lawyer, and as the overwhelming majority of receivers are accountants this could give rise to professional jealousy. Whatever their statements in public, the two professions are keen rivals in private.

Receivers, however, seem to like Mr Stewart, an insolvency partner with the solicitors Allen & Overy, despite

his being a lawyer. "He's a pretty practical and commercial animal - some lawyers aren't," commented one senior receiver.

With a career spanning big cases such as Ferranti and Maxwell, Mr Stewart is even approved of by his fellow insolvency lawyers, one of whom said: "He's a good, solid, sensible operator - rather than an extravagant prima donna whizzkid."

Sad to relate, Mr Stewart has just this week slipped from the top position to number two in Allen & Overy's Fantasy Football League Table. Colleagues have dubbed him "the Keegan of Insolvency".

Remember that corporate jet that Forte owned and which became the butt of so much criticism during the recent bid for the group by Granada? To backers of the bid the Forte aircraft came to represent everything that was out of date and flabby about the century group.

Now it appears that Granada has decided to keep the jet - because it is "quite useful for management." So who's going to bid for Granada, then?

Acquisition gives a boost to Rathbone profits and payout

NIGEL COPE

Rathbone Brothers, the private banking and asset management group, recorded a sharp increase in profits, boosted by last year's acquisition of Laurence Keen, the investment manager and stockbroker.

Announcing a 20 per cent rise in pre-tax profits to £7.4m for 1995, Oliver Stanley, chairman, said the group was still on the look-out for further deals but would not diversify from its core activities.

Mr Stanley said he was

pleased with the performance of Laurence Keen, which Rathbone acquired last March for £10m in shares.

The existing investment management departments in London and Liverpool are still expanding and, following the Laurence Keen deal, Rathbone has £2bn of funds under management. Both the trust and advisory department enjoyed good years, with significant increases in business.

Mr Stanley said that with much of the trust department's revenue earnings and operating

expenses in Swiss francs, the group was helped and hindered by the currency's strength.

Group turnover rose from £18m to £26m. Earnings per share rose from 21p to 21.3p and the final dividend was increased from 9p to 10p.

Rathbone was established in 1742 to manage the fortunes of the Liverpool Rathbone family, which made its fortunes in timber and ships. It has expanded into the management of private clients' money since it merged with Combined Financial Services in 1983.

MAM division offers £93m for group of psychiatric hospitals

NIGEL COUTT

Mercury Development Capital, the venture capital arm of Mercury Asset Management, has offered to buy Priory Hospitals Group, a private UK-based psychiatric group, from its US owners for £93m.

The proposed deal for the group is subject to Mercury carrying out due diligence checks on the business. MDC said yesterday that the intended purchase would allow it to invest in a developing business with an excellent performance record.

Ian Armitage, a director at MDC, said: "We are hoping to develop the group. It is too soon to talk about expansion or acquisition. In this area, these things happen on the basis of incremental leaps, such as a new unit being built."

Priory Hospitals Group has been owned by Community Psychiatric Centres, based in Las Vegas, for about 10 years. It has a number of small hospitals around the country, together with dialysis, forensic and child care units.

The development of a private

psychiatric unit in Britain has allowed the US operation to compete for referrals from a variety of sources, including insurers, GPs and the NHS.

CPC said yesterday that the sale valued each bed at almost £130,000. The price is, however, less than is normally paid for beds in private hospitals treating the physically ill, who generate more revenue through a greater use of medical services and supplies.

Mercury Development Capital is the private equity arm of MAM.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
AMEC (F)	2,430m (1,980m)	15.9m (20.0m)	1.1p (2.1p)	2p (3p)
Crabtree Group (F)	12.4m (11.9m)	1.50m (1.12m)	3.1p (2.3p)	nil (nil)
Endicott Holdings (F)	39.0m (31.0m)	3.51m (0.78m)	3.99p (1.01p)	1.20p (1p)
Nurdin & Peacock (F)	1,600m (1,520m)	21.5m (18.5m)	12.3p (9p)	7.25p (5.9p)
Freestrick (F)	17.8m (14.4m)	0.13m (0.41m)	nil (0.41p)	nil (nil)
Rathbone Bros (F)	27.0m (18.4m)	7.36m (0.26m)	21.3p (21p)	10p (9p)
S Lykes (F)	6.00m (0.23m)	-0.50m (-0.38m)	-8.89p (-3.92p)	nil (nil)
Svedlowfield (F)	37.0m (34.9m)	2.69m (2.58m)	13.8p (13.2p)	6.5p (5.2p)
Taylor (F)	16.5m (17.9m)	0.26m (0.11m)	2.22p (1.03p)	1.0p (0.5p)
Way (F)	9.89m (0.60m)	0.25m (0.18m)	11.44p (8.04p)	4p (nil)

(F) - Final (I) - Interim (N) - Nine months

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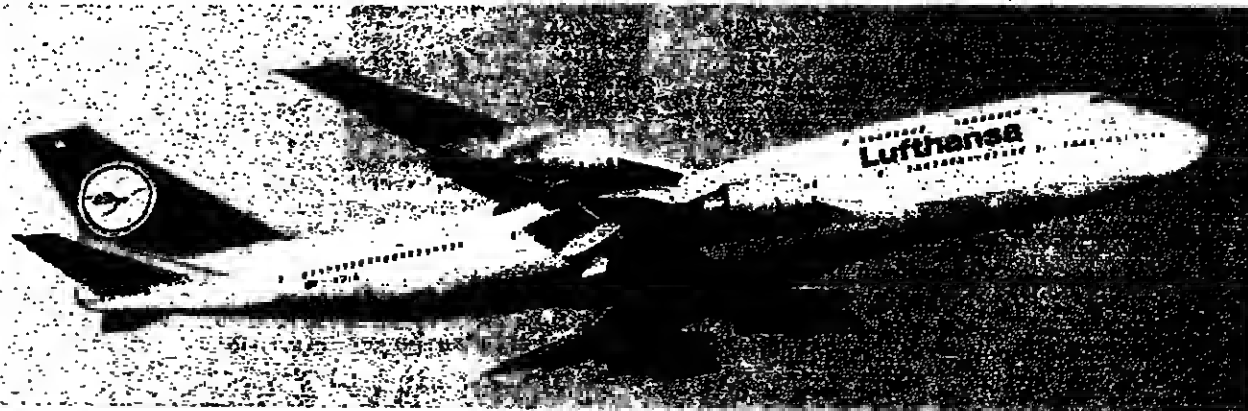
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Nice	£269	Singapore	£899
		Tokyo	£1,139
EASTERN EUROPE:		SOUTH AMERICA:	
Bucharest	£289	Buenos Aires	£1,159
Prague	£329	Caracas	£899
Budapest	£339	Mexico City	£729
St Petersburg	£399	Rio de Janeiro	£1,059
AFRICA/MIDDLE EAST:			
Johannesburg	£939		
Cape Town	£979		



business

Big corporate pay rises arm Labour for tax reform

After day, Gordon Brown, the shadow chancellor, is being handed juicy political windfalls by Britain's top companies. A succession of recent annual reports has listed large pay rises for directors amounting to 10, 20 or 30 times the rate of inflation.

It is early in the annual reports season so the sure of what is happening in the corporate undergrowth. Most of the reports published so far have been for companies with December year-ends, and directors' pay for those with March year-ends will not be visible until late spring.

But if the news so far is any indication of what is in store during the rest of the spring and summer, the Government ought to be seriously concerned at the potential impact as the election approaches. If this first batch of reports is in any way typical, 1995 will be another year of headlines about enormous pay rises at the top of corporate Britain as workforces are slashed and find their earnings increases kept at or below the inflation rate. It will be a gift for Mr



INDUSTRY VIEW PETER RODGERS

Brown's speechwriters. Even a relatively modest increase, such as the 11 per cent awarded to Martin Taylor, chief executive of Barclays, did not go down well with staff unions which were disputing a 4.5 pay offer and who had just been told of another thousand redundancies.

And Sir Ronald Hempel, the chairman of the new committee on corporate governance, whose agenda includes reviewing the work of the Greenbury Committee on top pay, succeeded in muddying the waters still further when he took home 42 per cent more last year.

To be fair to him, his basic pay and bonus were down, and he had changed jobs inside the company. But with timing that should have made the company's remuneration

committee blush, a £425,000 long-term performance bonus brought his total take-home pay to £863,000. There has been a rather similar trend in the United States as the presidential election approaches, so British business cannot be accused of being alone with its political blinkers. *Business Week* recently listed a series of pay increases at the top of critics of big business on the US presidential election campaign trail. Average chief executive pay at large companies rose 23 per cent to \$4.7m in 1995.

Ronald Compton, of Aetna Life & Casualty, was paid 485 per cent more at \$6.64m, though its shares rose 47 per cent last year; Richard Fisher of Morgan Stanley earned 318

per cent more at \$11.93m, as the shares rose 36.7 per cent.

In the US, high rewards are not regarded with quite the distaste they are in Britain, as long as they are accompanied by high performance. But *Business Week* concluded that another provocative pay season was beginning "just as the presidential election campaign is shifting into high gear. Not exactly the best time for the nation's CEOs to take the money and run".

So will John Major be presented, as the re-run of the scandal that resulted from the last British executive pay round, in 1994? There are some differences. The rows over 1994 earnings resulted from the greed of directors of some privatised utilities, which overshadowed the rest of the private sector.

The utilities affair led to the Greenbury Committee, ostensibly at the instigation of the CBI. In fact, Michael Heseltine, then President of the Board of Trade, had privately urged employers to set up the committee to take the pressure out of a difficult situation in the Commons.

In 1995, pay awards at the utilities probably did moderate. Some of the electricity companies dropped or modified their share option schemes. British Gas directors as a group earned 47 per cent more, but largely because of golden handshakes and hellos for departing and arriving directors. Cedric Brown, the retiring chief executive who was paid 75 per cent more in 1994, took a small pay cut in 1995, and the salary of Richard Giordano, the chairman, was static.

But the picture for 1995 may not look so good – or bad, depending on your point of view – when all the figures are out, because many private



Bad timing: Sir Ronald Hempel's big rise fanned the flames

sector companies turned in good profits and dividend increases last year. The FT-SE 100 rose by a fifth.

The increases in the table (right) are taken from a random selection of large company annual reports among the many that have been sent to this office in the last few weeks.

As a statistical sample, they are almost meaningless, of course. Measurement of directors' pay is full of pitfalls, and when it comes to the details, companies can nearly always find

special circumstances to justify unusual increases – perhaps the maturing of a long-term performance scheme or a one-off contractual obligation to top up a pension resulting from the government cap on tax relief.

Within a boardroom, pay may go both up and down at the same time, as NatWest showed in 1995 when Derek Wanless, the chief executive, earned 19 per cent more but his highest paid director, John Tugwell, took

a 24 per cent cut from £1.46m to £1.12m. And there may be genuine market pressure on executive pay. The 50 per cent increase to £651,000 of David Barnes at Zeneca leaves him still far below the £1.8m of Jan Leech at SmithKline Beecham and the £2.4m Sir Richard Sykes earned at Glaxo in the 18 months to December.

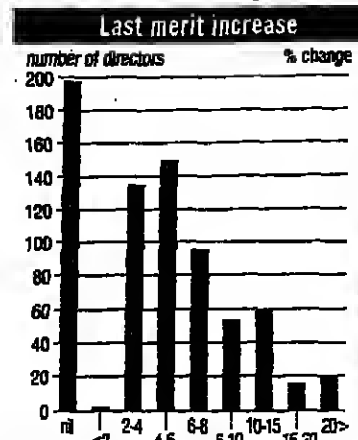
Indeed, the public perception that British boardrooms all had their snouts in the trough in 1994 turned out to be misleading when detailed surveys by actuaries and accountants were published last autumn. The average increase was slightly down on 1993.

As the chart of merit increases for directors in 1994 shows, most were in fact quite restrained. The ones that grab the headlines, with increases above 15 per cent, are a small fraction of the total, though it does not take many of them to create a political embarrassment.

There were some signs of common sense. In 1995 British Aerospace directors took a 3 per cent rise after nearly doubling profits. In line with the Greenbury Report recommendations, they were given a new long-term incentive scheme.

These have the advantage of being linked more closely to performance than bonuses and share options. But they are also deferred pay, restraining present increases in return for potentially bigger rewards later. Even if 1995 turns out to be more restrained than the first results suggest, the pay bandwagon will roll on for many more years yet.

That must make the highest paid a tempting target for a Labour Chancellor. Directors who cannot exercise restraint will have only themselves to blame.



Name	Position	Company	Pay	Increase %
David Barnes	chief executive	Zeneca	£651,000	50%
Derek Wanless	chief executive	NatWest	£594,000	19%
Sir Ronald Hempel	chairman	ICI	£863,000	42%
Richard Gamble	chief executive	Royal Insurance	£430,000	29%
John Carter	chief executive	Commercial Union	£468,000	18%
Mike Fink	chief executive	Enterprise Oil	£220,000	81%
Mr Hastings	former director	Telegraph	£333,000	67%
Stephen Maran	chief executive	Lloyds Abbey Life	£372,000	78%
Kath Bradshaw	chairman	Takara	£201,000	28%
Pension top ops	chairman	Unilever	£1.96 million	
Sir Michael Perry	chief executive	Vickers	£1.2 million	
Sir Colin Chandler	two directors	British Gas	£545,000	

Foreign Exchange Rates

Country	Spot	1 month	3 months	Spot	1 month	3 months
US	1.537	7.5	10.0	1.000	0.000	0.000
Canada	2.225	11.3	10.0	1.352	2.1	2.0
Germany	1.727	140.18	171.340	5.02	64.57	164.54
France	2.271	75.00	221.246	5.684	57.64	170.82
Italy	1.642	75.70	225.28	10.49	45.44	135.63
Japan	12.62	25.71	45.22	12.62	7.8	7.8
Belgium	46.673	12.9	34.28	103.582	58.48	172.147
Netherlands	17.718	136.95	41.37	57.950	60.40	175.125
Denmark	25.384	63.54	89.75	167.89	32.29	96.01
Ireland	0.9677	9.5	25.20	156.43	3.4	6.10
Norway	1.254	25.3	48.253	6.801	42.47	104.80
Spain	16.206	39.48	117.24	22.68	32.35	97.35
Sweden	10.52	9.5	23.34	67.068	96.123	250.310
Switzerland	1.434	68.60	187.185	12.76	38.35	111.05
Australia	1.979	20.31	68.46	126.69	19.21	54.56
Hong Kong	1.075	10.71	224.70	7.227	2.42	5.35
China	2.303	2.303	0.0	6.14	60.50	107.37
New Zealand	2.238	42.57	133.46	14.75	30.32	68.00
Saudi Arabia	5.672	0.0	0.0	3.7505	2.7	9.14
Singapore	2.109	0.0	0.0	14.078	41.30	103.98

Other Spot Rates

Country	Spot	1 month	3 months	Country	Spot	1 month	3 months
US	1.537	7.5	10.0	US	1.537	7.5	10.0
Canada	2.225	11.3	10.0	Canada	2.225	11.3	10.0
Germany	1.727	140.18	171.340	Germany	1.727	140.18	171.340
France	2.271	75.00	221.246	France	2.271	75.00	221.246
Italy	1.642	75.70	225.28	Italy	1.642	75.70	225.28
Japan	12.62	25.71	45.22	Japan	12.62	25.71	45.22
Belgium	46.673	12.9	34.28	Belgium	46.673	12.9	34.28
Netherlands	17.718	136.95	41.37	Netherlands	17.718	136.95	41.37
Denmark	25.384	63.54	89.75	Denmark	25.384	63.54	89.75
Ireland	0.9677	9.5	25.20	Ireland	0.9677	9.5	25.20
Norway	1.254	25.3	48.253	Norway	1.254	25.3	48.253
Spain	16.206	39.48	117.24	Spain	16.206	39.48	117.24
Sweden	10.52	9.5	23.34	Sweden	10.52	9.5	23.34
Switzerland	1.434	68.60	187.185	Switzerland	1.434	68.60	187.185
Australia	1.979	20.31	68.46	Australia	1.979	20.31	68.46
Hong Kong	1.075	10.71	224.70	Hong Kong	1.075	10.71	224.70
China	2.303	2.303	0.0	China	2.303	2.303	0.0
New Zealand	2.238	42.57	133.46	New Zealand	2.238	42.57	133.46
Saudi Arabia	5.672	0.0	0.0	Saudi Arabia	5.672	0.0	0.0
Singapore	2.109	0.0	0.0	Singapore	2.109	0.0	0.0

Forward rates quoted low to high are at a discount; subtract from spot rate. Rate quoted low to high are at a premium; add to spot rate. For the latest foreign exchange rates call 0801 233 3033. Costs cost 30p per minute (cheap rate) 48p other times.

Interest Rates

UK	Germany	US	Japan
Base 6.00%	Discount 3.00%	Prime 6.75%	Discount 0.50%
France 2.70%	Canada 5.00%	Fed Funds 5.25%	Discount 3.00%
Italy 1.00%	Prime 7.00%	10-Day Repo 7.75%	Discount 3.00%
Discount 8.00%	Discount 5.50%	10-Day Repo 7.75%	Discount 3.00%
Netherlands 3.00%	Discount 3.75%	Repo (1m) 7.50%	Discount 3.00%
Advances 3.00%	Discount 3.75%	Repo (1m) 7.50%	Discount 3.00%

Bond Yields

Bond Yields							
	Country	5yr	yield %	10yr	yield %	Country	5yr
58-48		12.2-47	20.5382				
80-40		75-125	3.6800				
32-29		96-91	13770				
3-6		6-10	0.4258				
42-47		70-80	4.3290				
36-35		97-925	833290				
96-225		250-510	4.4673				
11-25		11-25	0.8112				
3-31		54-65	0.6432				
	UK	8.00%	7.57	8.14	Netherlands	5.47	5.47
	US	5.16%	5.48	5.16%	Spain	10.14%	10.14%
	Japan	6.4%	5.98	5.16%	Italy	6.98	6.98
	Australia	8.7%	8.77	7.0%	Sweden	6.4%	6.4%
	France	5.7%	5.48	6.52	Switzerland	1.1%	1.1%
	Finland	5.8%	7.7%	6.58	ECU Unit	9.9%	6.20

Money Market Rates

Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5.5%	5.5%	5.5%	5.5%	5.5%
Banking	5.5%	5.5%	5.5%	5.5%	5.5%
Local Authority	5.5%	5.5%	5.5%	5.5%	5.5%
Discount Market	5.5%	5.5%	5.5%	5.5%	5.5%
Treasury Bill (Buy)	5.5%	5.5%	5.5%	5.5%	5.5%
Local Govt	5.5%	5.5%	5.5%	5.5%	5.5%
ECU Lender	5.5%	5.5%	5.5%	5.5%	5.5%

Tourist Rates

£ Buys	£ Buys	£ Buys
Australia (Dollars)	18900	74400
Austria (Schillings)	163000	28700
Belgium (Francs)	450000	350000
Canada (Dollars)	13000	14800
Czech Republic (Czech Koruna)	10000	10000
Cyprus (Pounds)	0.7000	0.7000
Denmark (Kroner)	6.4600	133.0000
Holland (Gulden)	2.4750	100.0000
France (Francs)	70000	100.0000
Germany (Dollars)	18900	74400
Greece (Dollars)	163000	28700
Italy (Lira)	450000	350000
Japan (Yen)	13000	14800
Spain (Pesetas)	10000	10000
Sweden (Krona)	6.4600	133.0000
Switzerland (Francs)	2.4750	100.0000
UK (Pounds)	70000	100.0000

Life Financial Futures

Contract	Settlement	High/Low	Open
Long Gilt	104.24	104.15	104.15
German Bond	104.24	104.15	104.15
US Treasury	104.24	104.15	104.15
Japanese Bond	104.24	104.15	104.15
ECU	104.24	104.15	104.15

Life FT-SE Index Option

Settlement price	3743.0	3743.0	3743.0
Series	3743.0	3743.0	3743.0
Apr	3743.0	3743.0	3743.0
May	3743.0	3743.0	3743.0
Jun	3743.0	3743.0	3743.0
Jul	3743.0	3743.0	3743.0

Energy

Energy	Settlement	High/Low	Open
Brent Crude	104.24	104.15	104.15
WTI	104.24	104.15	104.15
Gas	104.24	104.15	104.15
Coal	104.24	104.15	104.15
Nuclear	104.24	104.15	104.15

Commodity Indices

Commodity	Index	Settlement	High/Low	Open
Oil	104.24	104.15	104.15	104.15
Gold	104.24	104.15	104.15	104.15
Silver	104.24	104.15	104.15	104.15
Copper	104.24	104.15	104.15	104.15
Aluminum	104.24	104.15	104.15	104.15

Industrial Metals

Industrial Metals	Settlement	High/Low	Open
Aluminum	104.24	104.15	104.15
Copper	104.24	104.15	104.15
Gold	104.24	104.15	104.15
Silver	104.24	104.15	104.15
Platinum	104.24	104.15	104.15

Precious Metals

Precious Metals	Settlement	High/Low	Open
Gold	104.24	104.15	104.15
Silver	104.24	104.15	104.15
Platinum	104.24	104.15	104.15
Palladium	104.24	104.15	104.15
Rhodium	104.24	104.15	104.15

Agricultural

Agricultural	Settlement	High/Low	Open
Wheat	104.24	104.15	104.15
Corn	104.24	104.15	104.15
Soybeans	104.24	104.15	104.15
Cotton	104.24	104.15	104.15
Rubber	104.24	104.15	104.15

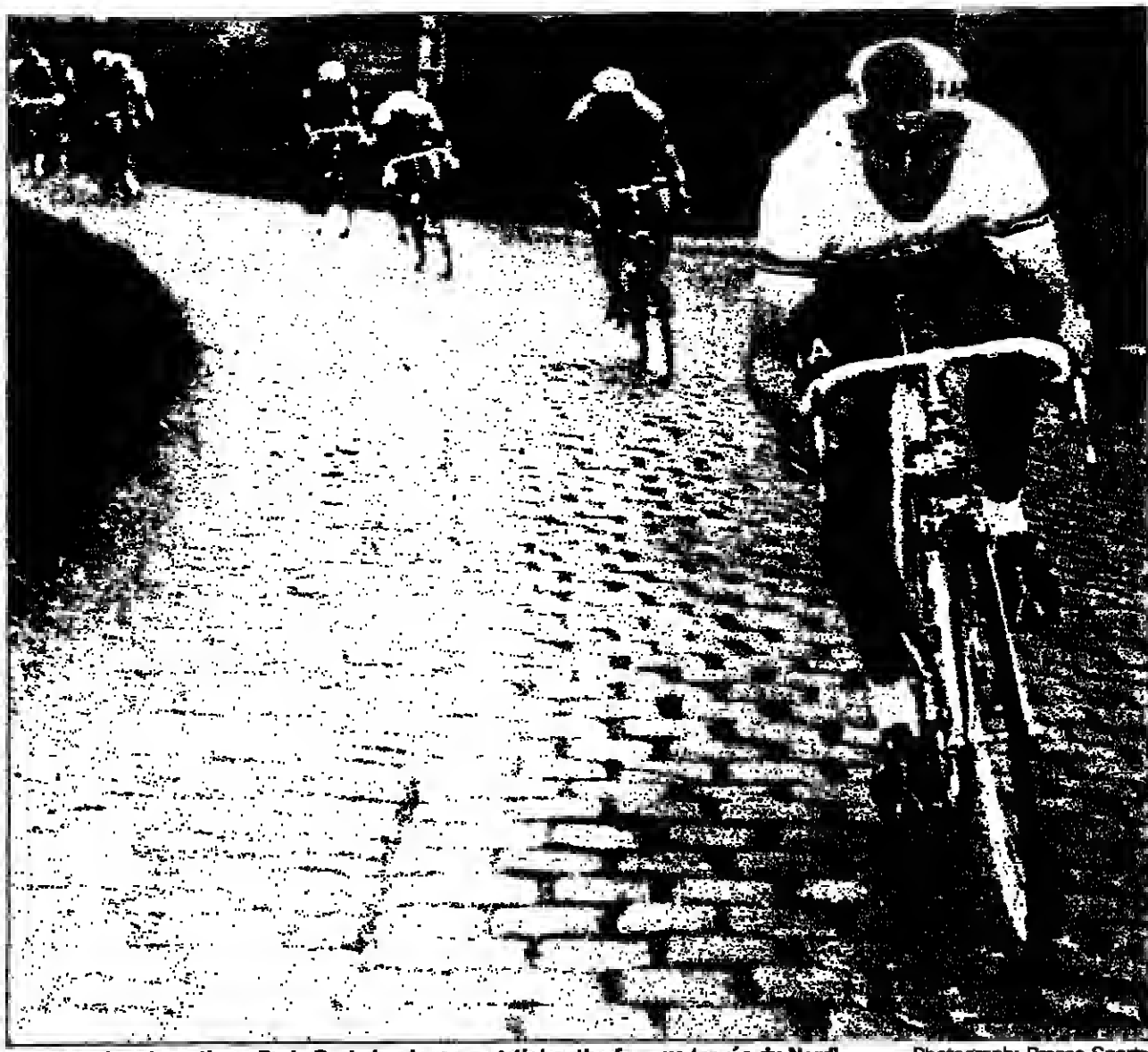
Other Softs

Other Softs	Settlement	High/Low	Open
Tea	104.24	104.15	104.15
Cocoa	104.24	104.15	104.15
Sugar	104.24	104.15	104.15
Wool	104.24	104.15	104.15
Hides	104.24	104.15	104.15

Latest Unit Trust Prices

Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd	Stock	Sell	Buy	Ytd
AXA Equity & Unit Trust Managers															
AXA Equity & Unit Trust Managers	104.24	104.15	104.15	AXA Equity & Unit Trust Managers	104.24	104.15	104.15	AXA Equity & Unit Trust Managers	104.24	104.15	104.15	AXA Equity & Unit Trust Managers	104.24	104.15	104.15
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sport



Eddy Merckx, three times Paris-Roubaix winner, negotiates the famous 'pavé du Nord'

Photograph: Presse Sports

Hundred years war in 'Hell of the North'

The gnarled route of the Paris to Roubaix race has left a deep and lasting impression over the last 100 years, mainly on its contestants.

Queen of the Classics or Hell of the North, whichever nickname you choose depends on your fate in the oldest, toughest and dirtiest race whose reputation stems from 56 kilometres of cobbled farm tracks.

On Sunday, nearly 200 racers assemble in Compiègne, north of Paris, to race to industrial Roubaix, near Lille. In 1896 the first winner, Josef Fischer, spent nine hours in the saddle. This weekend's 270 kilometres should take the successful seven and a half hours.

The route remains as traditional as croissants, but riders are no longer paced by tandems, cars or motor cycles, and they don't have to sign in at checkpoints. Telegrams giving updates on the race were sent to the finish from villages on the route in 1896. Now millions watch it on worldwide television. The flatlands of northern France have felt the heat of many conflicts, and the Paris to Roubaix got its name when the race organisers saw what First World War shelling had done to their beloved route.

Robin Nicholl celebrates the centenary of the Paris-Roubaix classic cycling race

It was hell long before that grinding men and machines in its 'jaws', those uneven cobbles known as pavés to the French. The dung-coated soil filters on to the course, and a farmyard odour wafts from the showers as weary finishers swill off their muddy masks and caked legs.

Bernard Hinault won in 1981, but the five-times winner of the Tour de France said: "I detest this stupid race," an opinion strengthened when a dog sent him crashing.

The course has survived plans to tarmac its distorted path, even to the point of raising a petition. There have been great performances, unexpected heroes, many broken bikes and broken dreams, and enough injustice to keep an appeal judge busy for years.

The victory fauque rang out over the Roubaix Velodrome in 1908 but Cyrille van Hauwaert, the leader the crowds expected to see, had been detained by the police. A gendarme at the velodrome gates insisted on checking the tax plate on the Belgian's bike and refused to let him pass until he had seen that it was a current

disc. His head was enough to ensure that his victory, and Belgium's first of many, was safe. In 1927 Joseph Criel was carried shoulder-high by fellow Frenchmen as "La Marseillaise" rang out. Then, resisting abuse and threats, an official announced the verdict had gone to a Belgian, Georges Ronsse.

Two years later Ronsse crashed on the final corner of a cinder-track finish and ran into second place, his damaged bike on his shoulder. When the judges stopped the main field from contesting the finish, the disgraced crowd invaded the track, angry that a prestigious race should be decided on cinders.

Jean Marechal was stripped of victory in 1930 because he had forced his Belgian rival, Julien Vervaecke, into a ditch. Fate was against Vervaecke: in 1940 he faced a firing squad.

Roger Lapébie was first home in 1934 but was disqualified for using an unofficial machine. He borrowed a woman's bike from a spectator when his own had a puncture.

Britain still awaits a winner. Barry Hoban was third in 1972,

but Sean Kelly has twice given Ireland success. Fischer's inaugural victory is also remembered for a gutsy Welshman, Arthur Linton, who was giving Fischer a hard time until a wandering dog felled him.

It was no easier for Fischer. A bolting horse, then cows blocking the course, had the German twitching before, covered in bouquets and clutching a glass of champagne, he signed the finishers register 30 minutes before the second rider, Charles Meyer, arrived. Linton was fourth, 43 minutes and many punctures after Fischer. Four months later Linton died of typhoid fever.

Nine months after the 1949 race the official result was altered and victory was shared by Andre Mahé, who had entered the track through the door of the press tribune after being sent off course, and Serse Coppi, to whom victory had been awarded for being first to complete the correct course.

Canada's Steve Bauer did not have to wait so long, but in 1990 it was just as agonising. His photo-finish with Eddy Planckaert went to the Belgian by a centimetre. "To come so close and not win. That hurt more than anything," Bauer said. It sounded like an echo in hell.

JUST THE TICKET: What's on for the sporting spectator

This weekend

TODAY

SPEEDWAY: World Championship British semi-finals (10.00), Poles at 7.30pm, first race 7.45pm. Admission: £2 adults, £4 children. OAPs, £12 restaurant. Orford Sports and Leisure Centre, Sandy Lane, Conley, (Tel: 01265 778701).

TOMORROW

FOOTBALL: FA Cup, Premier League, League and Bet's Scottish League.

RUGBY LEAGUE: Super League, Quakers v Leeds (6.00), Bears v Warrington (7.00).

RUGBY UNION: Championship, Championship and Insurance Corporation Irish League.

CRICKET: Three-day match, Oxford University v Leicestershire (11.30) at The Parks.

HOCKEY: Women's International, Great Britain v Netherlands (11.15) at Milton Keynes.

NETBALL: World Cup, Australia v New Zealand (11.00) at the MCG.

BASEBALL: Major League Baseball, Boston Red Sox v New York Yankees (7.00) at Fenway Park.

AMERICAN FOOTBALL: NFL, Dallas Cowboys v New York Giants (7.00) at Texas Stadium.

AMERICAN BASKETBALL: NBA, Los Angeles Lakers v Chicago Bulls (7.00) at Staples Center.

AMERICAN HOCKEY: NHL, New York Rangers v Philadelphia Flyers (7.00) at Madison Square Garden.

AMERICAN TENNIS: ATP, Andre Agassi v Pete Sampras (7.00) at Arthur Ashe Stadium.

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PICK OF THE DAY

SAUNDERS/Judo
British Open Championships
Birmingham

The British Open Championships is one of the only two remaining open events in Europe and Olympic year has brought about increased interest with an entry reaching the 600 mark. Korea, one of the world's strongest nations in this sport, will be participating, joining players from Australia, Brazil and Europe at Britain's premier event. There is also a large British entry, both squad members and players aspiring to reach international level next season by gaining ranking points, which are double at the Open. The British women's squad is particularly strong, with medal prospects a reality. Felle Howey contests the 'under-72kg' category, while Cheryl Peel fights in the under-60kg, a class in which she won the junior world championship. Georgia Singleton is another junior world champion and her experience has also brought her the European title in the under-56 category. Competition starts at 9am, with finals from 3.30pm.

Howey to go there. National Indoor Arena, King Edward Road, Birmingham. Admission: £6 and the arena is signposted at the A3800, 15 minute walk from Birmingham. For more information, contact: Felle Howey, 21 Chelmsford Road, London SE25. (Tel: 0181 778 0131).

KORFBALL: National League Championship Finals (Crystal Palace). Premier Division final: Middlesbrough v Oxford. The final event is preceded by the promotion play-off for the Premier Division. Borough Green v Torquay United (6.00) and the reserve final: Volant (Borough) v Crystal Palace (7.00). Seating is free. Crystal Palace National Sports Centre, Watlington Road, London SE25. (Tel: 0181 778 0131).

LACROSSE: Women's International, Scotland v England (Edinburgh). The annual meeting in Edinburgh. The game starts at 2.30pm, preceded by the 8th International. Admission: £25.00. Seating is free. Edinburgh, Scotland. (Tel: 0131 225 4400).

SAUNDERS/Judo: British Open Championships. The start and finish of the event is preceded by the promotion play-off for the Premier Division. Borough Green v Torquay United (6.00) and the reserve final: Volant (Borough) v Crystal Palace (7.00). Seating is free. Crystal Palace National Sports Centre, Watlington Road, London SE25. (Tel: 0181 778 0131).

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'Fans are at long last realising that they do have some power in football today'

From Mr R Officer

Sir: Isn't it ironic that it took low attendances at the FA Cup semi-finals to highlight a problem that has been around for years? This being loyal supporters having to pay inflated ticket prices because the powers that be know they have a captive market and take advantage of it.

Fortunately, at the semi-finals, the script did not run quite true to form as in the past. Fans are at long last realising that they do have some power in football today. Supporters organisations such as the Football Supporters' Association and the growing number of Independent Supporters' Associations are leading the fightback against what can only be termed as an oppressive regime by football authorities in general as they seek ways to make more revenue out of their most precious possession, the paying public.

Supporters have always been the fall guys in any financial criteria concerning football. Take for instance the treatment fans receive at away fixtures where they are often charged more than home fans for frequently inferior accommodation, where no concessions are made available for away juniors or OAPs.

When taking this up with the Football League they say it is the responsibility of the individual clubs to decide pricing policy. I hope this is a turning point, that more fans will begin to question the right of "the men in suits" to manipulate the great game of ours, often to their own ends. It is about time we were given a much bigger say in the process and future of football.

Yours,
BOB OFFICER
High Wycombe

From H Margolis

Sir: David Aaronovitch ('Empty seats are price of greed', 3 April) is dead right, I too, am a Spurs season ticket holder and am seriously considering whether to renew next year. For an expensive £12 I have to stand in a crowded, litter-strewn corridor to drink a disgusting weak, over-priced cup of tea out of a paper cup.

We are asked to get to the ground early but, when we do, there is nowhere to sit down comfortably for an hour for a quiet drink unless we pay more to join an "Executive" or "Century" Club. I can no longer get tickets for away matches by post - I have to queue for them.

I would like Alan Sugar's 'concern' with a pinch of salt. I recently wrote to him suggesting he left the comfort of the Director's Box and spent some time experiencing match day with the ordinary season-ticket holders. I also suggested he considered reducing seat prices. I got no reply.

Yours,
H MARGOLIS
London

From Mr P Avery

Sir: I am concerned over the "survival of the richest" battle in football, which seems to have intensified in recent years. In terms of the FA's policies on ticket prices, I want to know where the revenue from, say a £38 semi-final ticket, goes to? How much pays for security, policing etc, but more impor-

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From Mr C Pemberton

Sir: I thought Sky having this contact with the Premier League for the televising of matches would lead to lower admission prices for those attending matches in person. All it has done has made football clubs and the people who run them even greedier. The prices people are expected to pay are extortionate.

In a way, I hope this leads to stadiums with hardly anybody in them and lacking atmosphere. Sky might think it was not worth renewing their Premier League contract and in so doing teach football's administrators a lesson.

Yours,
DAVID C PEMBERTON
Hampshire

From Mr A Marks

Sir: I am an Arsenal supporter whose loyalty stretches to holding a season ticket and taking out a Bond in 1991, not to mention 450-mile round trips to see them play at home. In return my experiences have been as follows:

My season ticket (currently £205) entitles me to admission to all Premier League matches plus the first seven Cup ties at Highbury. If I watch 14 games, I end up paying the same per game as I would have done on a match-by-match basis - beyond that I am paying less. In 1994, when Arsenal played Sampdoria in the Cup-Winners' Cup semi-final, I was charged £7 as the cup-tie allocation had been used, but this price was the season's cost of the ticket divided by 28. I was impressed by the way Arsenal did not use the match's status as an excuse to rip fans off.

As a bond-holder, I am allowed to claim an extra ticket for Cup finals, which enabled my daughter to join me at Wembley for both domestic finals in 1993. I am sent the club magazine for free. The first 1,000 bond-holders were photographed with players, etc, and given a framed certificate, small gestures that show Arsenal try to return our loyalty. The price of the season ticket is

SPORTS LETTERS: THE GREAT TICKET DEBATE

The cost of tickets to the FA Cup semi-finals, the Football Association's response to the controversy and the overall price of going to football continue to attract a strong reaction from Independent readers. Here we print a further selection of your views.

tautly, what proportion is just the cost of the ticket?

The FA must realise that with the strength of television sports coverage, both terrestrial and satellite, fans have a much cheaper chance to see games. However, the television powers that be are in the same race as the FA with "pay as you watch" matches exclusive to satellite on the horizon. Whether in the ground or in the comfort of their own home, fans are inevitably led to ransom.

This year Manchester United seem to have done nicely from the FA's pricing policy, playing in one Cup semi-final and staging the other. But it's catch 22 for clubs like Bolton, Southampton and Coventry who don't have the grounds or facilities to attract this potential revenue. If you haven't got it, there's less and less chance of getting it these days.

Yours,
PHILIP AVERY
Winchester

From Mr D C Pemberton

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From Mr C Burrows

Sir: Those of us at the British Embassy in Athens who take a keen interest in football have been following closely your debate about ticket prices.

In just under two weeks' time, a group of us will be taking our seats in one of the best equipped stadia in Europe, the Olympic stadium in Athens, to watch the second leg of the European Cup semi-final between Panathinaikos and Ajax. The cost? About £6.

Yours,
CHRIS BURROWS
Athens

From D Siddell

Sir: May I say, as a Liverpool season ticket holder who refused to pay £30 to watch the match, how pleased I was to see how much of your back page you gave over to the scandal of the FA Cup semi-final ticket prices. I noted the totally inadequate comments of the FA with their typical response of they will think of the fans before a big match.

Yours sincerely
STEVE PILKINGTON
Stockport

The fans have not gained from the huge amounts of money Littlewoods, the BBC and Sky have given to the FA to sponsor and screen these events. Perhaps they might spend some of the money on the supporters by reducing the price of tickets!

They could also involve the supporters' associations in the review of their pricing policy or, more radically, appoint supporters' representatives to their Match and Ground Committee.

Yours,
DAVID SIDDELL
Warrington

From Mr I Wolfe

Sir: I returned from holiday two days before the semi-final to find that I would have to fork out £30 for a ticket. I was able to afford the price, but it is extremely unlikely that I would have attended any replay.

Prices have escalated and little consideration is given to supporters. Last year I paid £40-plus for the Coca-Cola Cup final. It was played at 5pm on a Sunday, which does not strike me as being convenient for the

war in
lorth'



scribe Tony Hallett, the secretary, as a man he could do business with. But it is evident Brittle would first have to be removed. "He has selectively gone public on certain discussions at private meetings," Kerr complained yesterday.

"Having done this and also sanctioned Fran Cotton's speech against the top clubs at the last special meeting, in clear violation of the gentleman's agreement which we had then strictly adhered to, it is no wonder that he has now lost the confidence and trust of the clubs." Unfortunately they are 20, the

Photograph: Allsport

that may reappear in tomorrow's match against West Bromwich Albion. Bonetti has not played since February, when he suffered a fractured cheekbone in an altercation with Brian Laws, the player-manager.

Picchi has agreed a one-year contract with Leeds, who are also being linked with another member of last season's Maori side, the former Hull Kingston Rovers half-back, Dean Clark.

Hockey
WOMEN'S INTERNATIONAL (Bisham Abbey):
Britain 2 Netherlands 5.

Kitch Christie, who coached South Africa to victory over the New Zealand All Blacks in last year's World Cup final, resigned yesterday for personal reasons related to a long-standing health problem. He will be replaced by Gordon McLeod with

the match and removed his shirt on the pitch. "What he did was a disgrace. He has let the club down," Bernard Tominey, the St Albans chairman, said.

the height in inches (76.2cm) of the most sought after and the most difficult to win piece of silverware in football – the FA Carling Premiership trophy. Made from sterling silver, the trophy

SPORT

HELL OF THE NORTH

Robin Nicholl on 100 years of the Paris-Roubaix cycle race

page 25

Clubs' pull-out leaves rugby on brink

Rugby Union
STEVE BALE

With barely three weeks of this season remaining, English rugby's leading clubs yesterday commenced divorce proceedings from the Rugby Football Union.

Irreconcilable differences over the administration and financing of the new professional game have caused them to announce their withdrawal from next season's RFU league and cup competitions to play in their own.

In desperation the clubs – the 20 in the First and Second Divisions who constitute English Professional Rugby Union Clubs – have thrown themselves on the

good offices of the RFU president, Bill Bishop, as the only mediator now capable of effecting a mutually acceptable resolution.

The clubs want to run autonomously and receive directly the income generated by their competitions, which have a significantly different format from those announced by the RFU on Tuesday.

As things stand, the clubs and the union each say they are the only ones to have compromised the three months of increasingly fraught discussions.

Even at this late hour we believe that a compromise solution must be reached with the RFU, otherwise there will be a split in the sport for which the RFU will

be held responsible.

Donald Kerr of Harlequins, the EPRUC chairman, said in concluding a lengthy statement: "We are therefore appealing to the president to step in and use his authority to find a way forward before there is an irreparable break between the clubs and union." Accordingly, Kerr yesterday wrote to Bishop to this end. "I have had conversations with Bill Bishop and I am hopeful that he will progress matters as we hope," Kerr added.

A clubs' plan is already in place for a two-tier European competition, a domestic league to be known as the English Conference and an Anglo-Welsh competition comprising a full 24 clubs. In

straight contradiction of the RFU, EPRUC says it has broadcasters and sponsors ready to step in with the £1m they each require to fund professionalism next season.

Meanwhile, the clubs also formally expressed their anger at and inability to deal with Cliff Brittle, chairman of the RFU executive, and have grown so hostile to him that any reconciliation will remain virtually impossible as long as he heads the union's negotiating team.

Yet as recently as Tuesday Brittle, who was elected by the RFU grassroots in January in the face of the executives' unanimous opposition, absolutely refused to step aside and repeatedly insist-

ed he had the RFU negotiators' full support. And last night Brittle was just as firm. "The RFU must maintain overall control of the game in the interests of all its members," he said.

It was the clubs' infuriated response to Tuesday's implacable RFU position as articulated by Brittle that caused them to hold yesterday's EPRUC board meeting in London. For now they remain members of the union and will join about half of the membership in staying outside the official competitive structure.

Crucially, the clubs say they have the support of the leading players, but we can now expect an auction with the union for their services, since those who opt

out of the Courage Championship could hardly be expected to be considered favourably for England. Jack Rowell, the England manager, could be excused for being in despair.

EPRUC also claimed to have the full support of their Welsh counterparts – and even of the Welsh Rugby Union, which is supposedly not interested in the Anglo-Welsh competition laid down by the RFU.

Finally, they have an important body of support among the RFU executive members whom Brittle chairs and are now relying on their influence being exercised in support of Bishop and a settlement.

Brittle's mandate comes from

the mass of small clubs who voted for him against the RFU committee's own nominee three months ago. This explains why the RFU has become so adamant in its refusal to cede the slightest authority. Brittle is clearly charged with preventing a few clubs hijacking the union.

"It's obvious it's an amateur organisation running a body for amateur clubs," Peter Wheeler, Leicester's chief executive and an EPRUC spokesman, said yesterday. "But we are not amateur clubs any more. The Rugby Union have made it clear they haven't got any more money to fund the professional game than they had last year."

The crux of the problem has

become apparent: EPRUC believes the RFU to be neither able – because of the £35m debt created by re-building Twickenham – nor willing to generate funds needed to pay for the professionalism the RFU's own representatives accepted at the International Board last August.

The ball is now back in the union's, or at any rate Bill Bishop's, court. "We all realise that together we must be stronger than if we are apart," Wheeler said. "We are moving to the point where we are staring down the barrel – and at that point common sense has to prevail." The trouble is one man's common sense is another's nonsense.

Brittle's battle, page 23

60th US MASTERS: The cattle farmer from Crewe has a round of 69 but Phil Mickelson leads. Tim Glover reports from Augusta

Gilford
beefs up
his game

On a desolate level, David Gilford barely registers and yesterday he let his golf do the talking to appear on the leaderboard after the first round of the 60th Masters. The man from Crewe, who finished joint 24th on his debut here last year, shot 69 in a round of highs and lows that was extraordinary even by Augusta National's standards.

Gilford, who tends a herd of 40 Hereford cattle (no BSE but their value has plummeted), led briefly here 12 months ago and yesterday he was in splendid isolation at four under par when he walked to the 16th tee. The 16th is a classic par three of 170 yards, 160 of which are over water. Gilford chose a 6-iron and there was little wrong with his selection of club.

The ball arced through the pale blue sky and came to rest about 30 feet short of the flag. The trouble is the hole had been cut back right of the green and Gilford's first putt lost momentum as it tried to negotiate the slope. The ball, which for a

moment seemed to come to rest two feet from the hole, rolled back down the hill and the Englishman could only stand and watch as it gained pace. He was now 10 feet further from the hole than he was in the first place.

Gilford, having learnt his lesson, put more beef into his next putt and the ball finished four feet above the flag. He

CARD OF THE COURSE

Hole	Yards	Par	Hole	Yards	Par
1	400	4	11	455	3
2	553	5	12	455	3
3	360	4	13	485	5
4	205	3	14	405	3
5	435	4	15	500	4
6	180	3	16	170	4
7	260	4	17	400	4
8	535	5	18	405	4
9	435	4			

Out 3,465 36 In 3,460 36 Total 6,925 72

missed and finally walked off the hole called Redbud with a four-putt double-bogey five. Mad putting disease afflicts many golfers at Augusta National but to his credit Gilford did not appear to let the experience rattle him. At the 17th he hit a beautiful 9-iron approach shot to within four feet and rolled in the putt for a birdie three, which got him back to three under par for the round. If the 16th had been cruel to Gilford, the par five 13th, which goes by the name of Azalea, was generous to a fault. The hole measures 485 yards and after hitting a cracking drive Gilford had 185 yards to the pin. The green is protected by a



New Zealand's Frank Nobilo drives up the second fairway of Augusta National during the first round of the US Masters yesterday

Photograph: Stephen Munday/Allsport

stream in front and a battery of hunkers behind and the dilemma facing every player is whether to go for it or lay up short of the water. Gilford went for it with a 3-iron, the ball finished 10 feet from the hole and he knocked in the putt for an eagle three, thank you very

much, at the last leg of the trinity of holes known as Amen Corner. Lucky 13. If that appeared to be perfect way, appearances can be deceptive.

The Crewe cowboy actually mistook the 3-iron. Had he played the shot as he intended he would have gone through the green. "It was a combination of too much club and a poor shot," Gilford admitted. Gilford also had a stroke of luck at the second, where he pulled his approach shot left and his ball struck a spectator and rebounded to the

edge of the green. Two putts gave him a birdie four and he also birdied the third.

Gilford said he was better prepared for this tournament than at any other. Asked if he could win the Masters, Gilford whispered in the affirmative. "I like the course," he said, "and that's always an advantage. I don't think the greens are too severe. It's a challenging course and the punishment for a bad shot can be brutal."

As Bob Tway remarked, after coming home in 31 in five

under par 67, it was a "beautiful morning for golf." There were no clouds on the horizon and no wind to disturb the azaleas in their beds. Even so, Tway's round was surprising on account of his poor record at Augusta National. His last appearance here was in 1991 when he missed the halfway cut. "I've been watching the tournament on television," the 36-year-old from Oklahoma said, "and maybe I learned something from that."

Tway got his first birdie at the

eighth and had a stunning back nine with five birdies, three of them on Amen Corner. "I wasn't struggling to make par and that's important out here," he said. Tway is two strokes behind Phil Mickelson, who was even hotter on the back nine, coming home in 30 in a round of 65, seven under.

John Daly, the Open champion who was paired with the former Masters champion Nick Faldo, sliced his drive so far right off the first tee he nearly ended up in the parking lot. Daly's

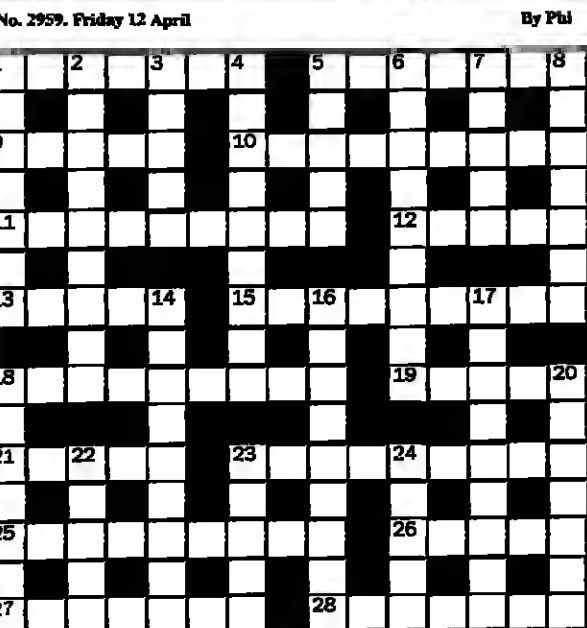
ball sailed through a forest of pines but when he hit his second back through, the ball clattered into one of the pines and travelled no more than 20 yards. Then the former Wild Thing hit a brilliant third shot to within four feet of the flag and made the putt to save par. Faldo, who was 75 yards behind Daly with his drive, at least found the fairway and he too made par.

Daly capitalised with three birdies in five holes and Faldo also picked up shots with birdies on the third and eighth.

THE INDEPENDENT CROSSWORD

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STAROCH SILVER
BELLICIOUS AWAIR
A L O B H P U U
BAIL BENTARVCEUE
Y N O L E E E
ORGANISE AIGHN
U E M R C
BLEAR ROUSSEAU
M S E R X L
ABBREVIATE FLOO
R A O S G E G U
DRAMA HEADORRESS
C I O G I N
SENDOR ESTATE

- Criminal with field, we bear, for flowering plant (9)
- Film actress teaching newborn initially (5)
- What signifies dog's at home? A den, a stick, and Master (4,5)
- Look to get Prince involved in party (5)
- Bird heading for pole – a migrant, seen flying (9)
- The old story – one Irish parliament brought up (5)
- Old King – a consumer on a bigger scale (7)
- Soft drink – takes the best with a party coming up (5,4)
- Let native out for air (9)
- Calm or consumed with anger? (9)
- Persistence shown by Francis of Assisi, say, with a bird (7)
- Aggressive tailless pig standing before entrance to field? (7)
- Graduate embracing pale masquerade (5)
- Opening jump? Famous athlete, say, takes it (5)
- Discretion involves one by implication (5)

- Sexually attractive girl, one ditched by any MP with a hint of honesty (5)
- Nearly all inferior shots go here? (5)
- Unwilling to work in accordance with the 9-to-5 system? (9)
- One not caught in a romantic entanglement? Hardy! (9)
- Hide one raccoon-like mammal (5)
- First male worker's not to be shifted (7)
- Old plane, perhaps carrying millions? That's the limit (7)

DOWN

- Lie upside-down, long departed from pub, affected by double vision? (7)

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EARLY FIRST-ROUND SCORES

US unless stated	71	75
* denotes amateur	T. Aaron, J. Magner, F. Nobilo (NZ), N. Price (Zim)	K. Triplett, E. Dougherty, N. Lancaster, T. Herron, B. Henninger
P. Mickelson	65	B. Bryant, M. McCumber
B. Tway	67	T. Tway
S. Ballesteros (Sp)	73	D. Ford
L. Janzen	74	C. Coody
D. Gilford (GB), B. Faxon	69	D. A. Weir, J. Sluman
P. Azinger, S. McCarron	70	G. Brewer, B. Casper, T. Vite

McCarthy handed FA Cup final ticket ban

Football
PHIL SHAW

Mick McCarthy, the Republic of Ireland manager, was yesterday banned from receiving FA Cup final tickets for 10 years after a Football Association investigation found that tickets issued to him had ended up on sale on the black market for £350 each.

The action against McCarthy, coming barely a week after the FA published a blacklist of 36 players and officials who passed on Cup final tickets, follows an inquiry by the game's governing body, which was prompted by the findings of trading standards officers from Liverpool who conducted a survey at last year's final between Everton and Manchester United.

Among those the trading

watchdogs interviewed were two Norwegians, who were among a party who parted with what the FA described as "huge sums" for tickets. The fans in question had paid £700 for a pair of £60 tickets. The FA was alerted and traced the tickets back first to Millwall and then to McCarthy, who was manager of the First Division club at the time.

An FA spokesman, Steve Double, said: "Mick McCarthy told us he had passed on the tickets to an associate at face value, and had made no monetary gain from the transaction, which we accept."

But he was in breach of the terms and conditions he signed when he received the tickets. They state that tickets should not be passed on, with or without payment, unless you have the prior written consent of your county FA, club or the organi-

sation which made the original allocation.

McCarthy's embarrassment, and that of his new employers at the FAI in Dublin, will no doubt be acute. There will be red faces, too, at Lancaster Gate, though on this occasion the FA will be glowing with satisfaction at the timing of its pre-emptive strike against touting, which comes less than a month before this year's final between Liverpool and Manchester United.

The FA came under strong pressure from the media and supporters' groups after both FA Cup semi-finals last month played to attendances below capacity amid controversy over high ticket prices. Now it has been able to demonstrate that it does not pay lip service to supporters' complaints.

Fry under fire, page 23
Sports Letters, page 22

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